

JUNE 1952

Nation's BUSINESS

A GENERAL MAGAZINE FOR BUSINESSMEN





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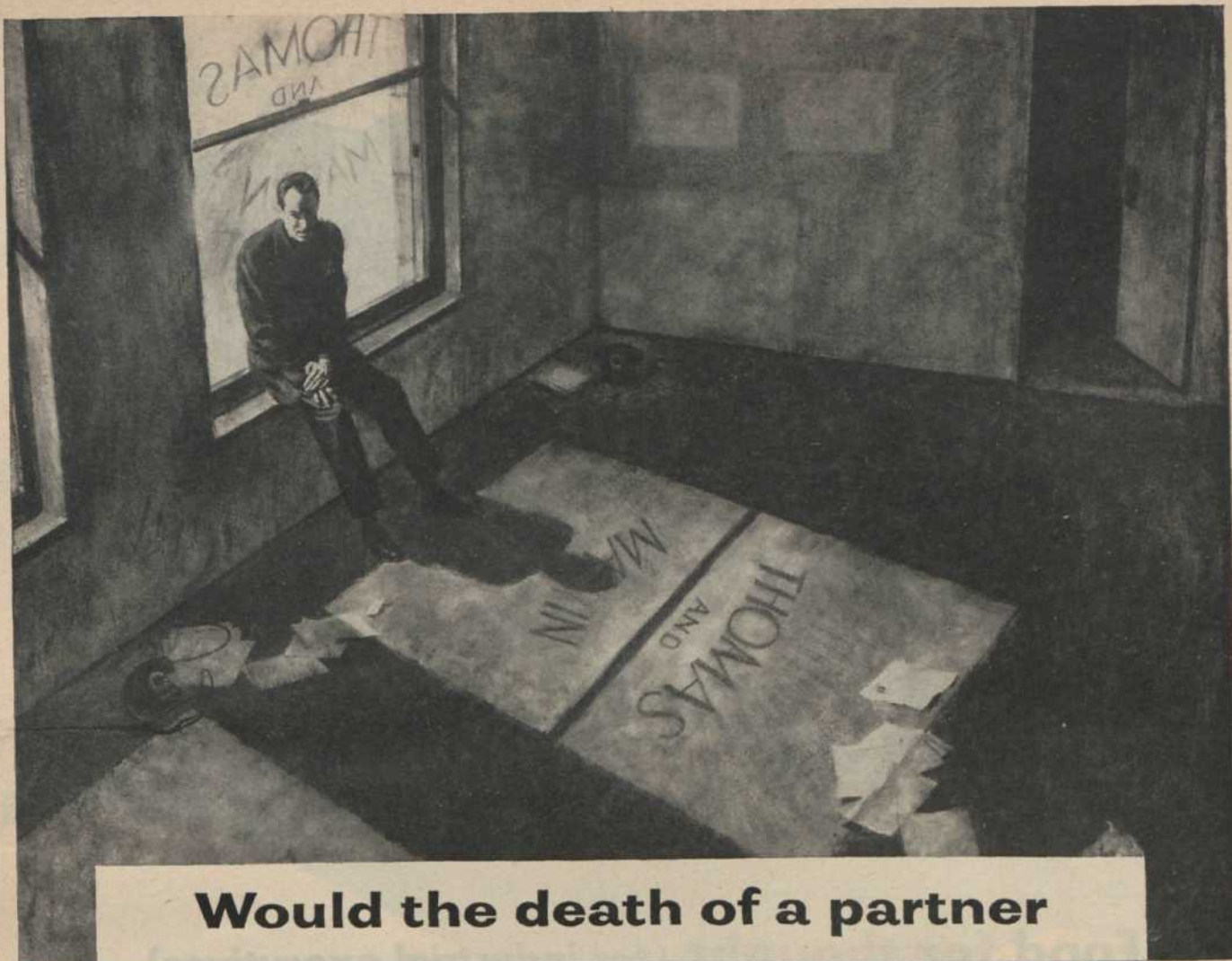
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2. He can accept the heirs as his new partners. But this is a poor arrangement when they have no business experience—and usually an impossible one when any of the heirs are minors.
3. He can let the heirs sell their interest in the business to someone else. But he may end up with an undesirable new

partner as a business associate.

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NATION'S BUSINESS for June, 1952

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Food for thought (for industrial executives)...

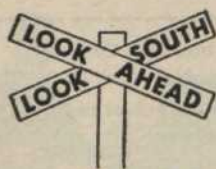
FOR industrialists concerned about manpower these days, here is some "food for thought"...

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Nation's Business

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NATION'S BUSINESS for June, 1952

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TAKING the summer cottage out of mothballs is a job for the whole family. However, you can't blame



the menfolk for wanting to concentrate on the outside tasks—as artist **BEN PRINS** has shown them on this month's cover painting—leaving the rest

for the women.

It's only human nature, in Connecticut where Prins makes his home, or wherever you care to name.

A JURY in a southern state awarded \$300,000 to an accident victim. In a western state an accident award of



\$225,000 was granted. Such king-sized verdicts as these are common. In fact, verdicts are climbing higher as accidents become more frequent.

Together they can spell "sudden ruin for the property owning driver who lacks insurance to cover an injury claim; slow ruin for underwriters who lack premiums to cover losses."

What can the driver do about all this?

LESTER VELIE presents some of the answers in his article on page 29.

Velie, who recently started freelance writing after a stint at editing, is an experienced reporter. In the past seven years he has written about 80 magazine pieces—a few for us and the rest for *Collier's*, *The Reader's Digest* and *The Saturday Evening Post*.

Some of these have had interesting results. One led to a grand jury investigation and was used by Senator Kefauver as evidence before Congress of the need for a crime investigating committee. A couple of others won distinguished

magazine reporting and public service awards.

WILLIAM SLOCUM is a veteran of both newspapers and radio. After five years with the New York *American* and a brief period with the New York *World-Telegram*, he moved to the Columbia Broadcasting System. He stayed on for ten years, seven as special events director. "I was canned," he says, "when they realized that I couldn't spare time from a couple of books I was writing to do any work for them. They were very nice about it. I would have fired myself a year before they did."

The books—"Reilly of the White House" and "The Tax Dodgers"—were best sellers.

Since 1947 Slocum has been writing for magazines. His article on the national political conventions is his ninth for us. Looking back over his NB assignments, he feels that his article on the cigarette industry (June, 1951) was the most dangerous. Slocum is a three-pack-a-day man and every time he pulled out one of his favorite brand in a rival company's office he was sure something drastic was going to happen.

Incidentally, Slocum once wrote jokes for Arthur Godfrey and has a brother who does the same now. "It now pays a lot better than when I did it," he says, "although the jokes are the same. The highlight of my literary career, however, was signing a 39-week contract with a television network that forgot it signed me."

"WHEN the National Chamber elects a southerner by the name of Lee as its president, that's for me," remarked **JAMES STREET** when we asked him to profile the new Chamber chief. This sentiment is understandable when you know that Street was born in Mississippi and now lives in Chapel Hill, N. C., which he considers "the southern part of heaven."

Street began writing at 14 as a reporter in Laurel, Miss., gathering "personals" from farmers on Saturday. From there he worked all over the country for various papers and the Associated Press, reaching New York in 1933. Shortly afterward he quit newspapering, but not pounding the typewriter.

"I was one of those lucky ones," says Street, "who sold the first short story I ever wrote—first to a magazine and then to the movies. I've been writing for myself ever since. I've turned out dozens of short stories and articles and ten novels. The best known novels in-



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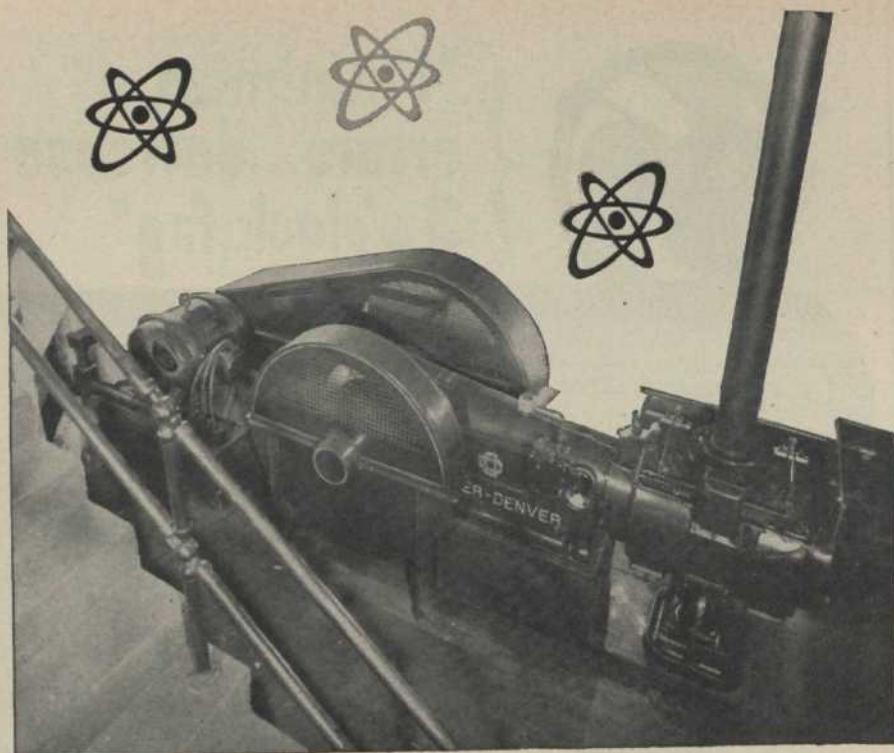
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clude 'Oh, Promised Land,' 'Tap Roots,' 'The Biscuit Eater,' and 'The Gauntlet.' To do the Laurence Lee article, I put aside my latest, 'The Velvet Doublet,' a novel of the Columbus era. I am also at work on a four-volume biography of Jefferson Davis."

As if that weren't enough to keep a man busy, Street has a flock of outside interests. He collects pipes and walking sticks, raises flowers and until last year operated a 130-acre organic farm, a new experiment in the South.

Damon Runyon once wrote that Street was pint-sized with gallons of ability—the little man with the big talent. In this we concur.

WITH "Cornelia's Crowning Jewels," **GERALD MOVIUS** returns to **NATION'S BUSINESS** as a fictioneer. Previous contributions were articles, usually on politics.

An early job for Movius (age eight) was collecting eggs from the breeding pens on a granduncle's poultry farm. Each egg had to be marked with the pen number and handled like delicate glass, for they sold at \$5 to \$100 a setting (15 eggs in those days). His wages were good: ten cents a day and a four-hour day, seven days a week.

"My granduncle's purebred Rocks and Wyandottes were high-beaked snobs, dripping with blue ribbons, but at home," says Movius, "we kept scrubs, among whom was the real Cornelia."

Another chicken of his North Dakota childhood was Elizabeth, whose adventures he fictionized for *The Reader's Digest* several years ago. Movius now lives in Washington, D. C., and is intimately acquainted with all the chickens in the District's zoo.

RICHARD B. GEHMAN, another frequent contributor to **NATION'S BUSINESS**, has had a busy winter and spring. His first novel, "Each Life to Live," was published in mid-April. And "Wonderful Good," a musical comedy for which he wrote the book and lyrics, opened at the Pittsburgh Playhouse early in May. It's about the Amish of Lancaster County, Pa., his home territory.



Gehman's next venture into the theater, he hopes, will be a comedy without music. Eventually, he would like to devote most of his time to writing fiction. He makes his home in New York City.

MANAGEMENT'S WASHINGTON LETTER

✓ THERE'S LESS TALK about flation—both in- and de-.

Now there's a new term for the times, a convertible—suitable for any economic weather. It's "The present situation."

✓ PRESENT SITUATION is ideal.

That's view of your Government, view of the White House top executive office level.

Current conditions are exactly what policymakers want, what they have aimed toward, what Congress told them to do in the Full Employment Law of 1946. Here's how the present situation looks to them:

There is practically full employment.

There are no civilian shortages, no broad pressures building up under prices.

Instead there are scattered soft spots in the economy—and these tend to stabilize prices.

So there is diminishing need for tight controls—difficult to administer, disliked by the controlled.

At the same time defense production program moves up with increasing expenditures.

"And all that," sums up a presidential adviser, "adds up to an ideal situation."

Troubles? Sure, here and there. But not in the over-all situation. "—and that's what we must be interested in."

Government moves to boost business? Not while there's full employment. "It would be impossible to do more anyway."

Note: Importance to you of this top-level frame of mind: Solve your own business problems—unless a threat of broad unemployment is involved.

✓ TOTAL U. S. INDUSTRIAL production falls—while defense expenditures rise.

Which means consumer demand dip continues—at an accelerating rate.

Shows up in comparison of trends in production, defense spending rates.

In February expenditures for Armed Services, Atomic Energy, Mutual Assistance, North Atlantic Pact totaled \$3,-564,000,000. In March they climbed to \$3,826,000,000.

And in April they totaled \$4,254,000,-000—a one-month jump of \$428,000,000.

Now let's look at Federal Reserve

Board's industrial production index (which includes defense production) for the same months.

It was 222 in February, 220 in March, and in April it slid off to 217 (preliminary estimate).

Which shows that rapidly growing defense production is not quite offsetting a drop in civilian production.

And also it accents growing dependence on arms program to maintain the "present situation."

✓ HERE'S HOW that is working out—

General Electric last month announced slash in production of refrigerators, food freezers by 50 per cent, in automatic washers by 25 per cent.

General Motor's Frigidaire Division is laying off 2,000 employes—a step that will bring layoffs in supplying plants.

Officials say appliance production is cut back because of less than anticipated demand for consumer products.

But they blame the layoffs on cancellation of defense contracts that might have taken up the slack.

Frigidaire spokesman said his division is "making every effort to obtain new defense contracts" and also is intensifying appliance sales effort.

✓ INDUSTRIAL INDIGESTION slows production in some shining new plants.

But don't take temporary slowdown as proof of overexpansion.

Industry doesn't build new plants to match today's markets. Nor does it build in a series of small steps.

In nearly all industries there are reasons—efficiency, cost, production methods—for building new facilities to certain scale.

For example: An oil refinery must be big to be economically practical.

So new plant is built generally to match markets to be developed over the next five, ten years or even longer.

So temporary slowdowns along the way may be expected. If new plant exactly fits today's demand management may have erred by building too small.

✓ THERE'S A DEFICIT of \$4,000,000,000 annually in funds U. S. corporations set aside for progress.

Progress (in this case) means: Adopt-

MANAGEMENT'S WASHINGTON LETTER

tion of up-to-the-minute methods, installation of new equipment that cuts costs, makes better products, keeps U. S. ahead of competition.

Here's how deficit occurs: For tax purposes Treasury requires industry to depreciate—or charge off—equipment at cost.

Tools bought several years ago cost far less than they would today.

So set-aside at cost level doesn't put enough money in the kitty to replace equipment when it wears out—or when it is made obsolete by new, improved tools.

Machinery and Allied Products Institute researchers estimate the shortage in the kitty at \$4,000,000,000 a year.


Why doesn't industry keep two sets of books—one with depreciation at cost for taxpaying purposes, another with set-aside at replacement level for equipment replacement?

Because Treasury takes the dough—in taxes.

Profits accounts are enlarged by the low set-aside for depreciation—so instead of keeping the money for replacement, corporations pay most of it to Government—some as excess profits tax.

Effect is to bring some slowdown in keeping industrial plant up to date.

Note: Government faces facts on defense plants by allowing quick depreciation to make these easier to finance.

 **PROFITS PINCH** is squeezing one eighth of net earnings out of U. S. corporations.

That's indicated by National City Bank of New York survey of first quarter statement of 515 companies.

It shows decline of 12 per cent in net after taxes of 449 manufacturing companies, compared with year ago.

Add mining, trade and service industries and the profits drop becomes 13 per cent.

Greatest drop is in beverage industry, down 65 per cent.

Next come textiles and apparel, down 61 per cent.


Slide in net earnings for retail and wholesale trade was 45 per cent.

Rises show up in only four industry classifications:

Petroleum producing and refining, up ten per cent; railway equipment, up 26

per cent; mining and quarrying, and service and amusement industries, each up one per cent.

Unchanged: Machinery.

 **WHEN DO TAXES** become ruinous?

Experts theorize on that one. But it's not a theoretical question to distillery workers.

Twenty-five per cent of the 8,000 who ordinarily work in Kentucky whisky plants are out of jobs.

Their union attributes jobs loss to high taxes that have driven prices so high they have "just about killed the goose that laid the golden eggs."

Distillers agree, point out that whisky consumption is about half the year-ago level.


What's happened to whisky taxes?

They've jumped 30 cents a fifth (on 100 proof basis) in the past year—bringing them to a new high of \$2.10 on each fifth.

Back in the good old days—pre-World War II—federal tax on a fifth was 45 cents.

In 1940 it was moved up to 60, and in '44 a war emergency tax boosted the levy per fifth to \$1.80.

The emergency never has ended—as far as whisky taxes are concerned. In fact it has intensified, with another rise in the past year.


 **WHAT'S NORMAL**, sales-volume-wise?

It's spring, two years ago—according to merchant who points out it was one of few periods in past ten years when war, threat of it or recovery from it, did not greatly affect the economy.

So spring '50 may be your normalcy yardstick.

Use it, and you'll find nylon, cotton, rayon goods prices about normal, wool and leather goods with some price adjustment yet to be made—downward.

Compare your own prices, volume with spring '50 levels—and you might see where you are going.

 **TUMBLING COMMODITY** prices chop into windfall profits of raw materials producing nations.

International financiers estimate rise in profits of commodity producers in first year of Korean war at \$4,000,000,000.

That's the Korea buying spree reaching into Egypt, Chile, Malaya, India, dozens of other lands.

As U. S., other manufacturing nations bid for materials to meet upward spurring civilian demands, military requirements and stockpile quotas, prices

MANAGEMENT'S WASHINGTON LETTER


spiraled up, in some instances more than doubled.

What's happening now? There's been a 50 per cent drop in the price of India's jute, Malaya's rubber, Australia's wool. Majority of raw materials prices are on the skids.

But they haven't hit bottom—or even pre-Korea levels so far. Estimates are that in the second Korean war year raw materials producers are making extra profits of \$1,000,000,000.

Note: Softness in consumer goods markets, particularly in textiles, is world-wide.

Businessmen in foreign lands—like some in U. S.—attribute softness to earlier scare buying, whistle for an end when consumer stocks are used up.

 **THERE'S LAG** in price changes, too. Little evidence of lower raw materials cost shows up so far on retail price tags.

Man who bought materials, semi-finished goods or completed products at high prices hangs on to that level until he gets rid of his stocks—if he can.


Necessity, not change of mind, usually brings downslide. Often "necessity" is the banker who declines to renew loans on high-priced goods.

Few merchants—at any level—like initial reaction to lower prices, except on special promotion deals. For cuts usually bring buying slowdown while the customer waits to see if further slide is in prospect.

Don't overlook other factors that keep materials prices from being reflected quickly at retail.

What makes asking prices? Labor, materials, overhead—and taxes.

Change in one of these factors may be offset by changes in others. Lower materials cost, for example, may be balanced by higher wage, or tax costs.

 **WHEN GOODS DON'T** turn over, dealers do.


That's what's ahead in consumers' hard goods lines.

So concludes one of the nation's biggest automobile producers after study of its market outlook.

Among its conclusions: Company will have greatest dealer turnover in its history during coming 18 months—because so many now in the business never have experienced tough, competitive markets.

Auto producer's sales experts canvass outlets, suggest ways to tighten up on costs, increase efficiency, brush up on sales training.

They leave this message: The dollar is going to be harder to get, harder to keep. So is the dealership.

 **THERE'S SLIGHT CHANCE** that financing will interrupt construction's boom—we're not overmortgaged.

Nonfarm mortgage debt in U. S. has more than doubled in past ten years—to reach a high estimated at \$70,000,000,000.

And a greater part than ever before is in amortizing—monthly repayment—loans.

Which means there's a constant, more even return flow to lenders.

This gives the nation's larger mortgage debt a revolving fund characteristic—those whose business is mortgage lending have more to put back out to work.


Note: allowing for depreciation in dollar's value, outstanding mortgage debt has changed little in past 20 years.

Total private debt now stands at about \$250,000,000,000, compared with \$130,000,000,000 in '40. Again allowing for drop in dollar value, there's little change in total debt.

What's happening to the asset side in same period?

Currency, bank deposits and savings bonds held by U. S. people have soared from \$65,000,000,000 to approximately \$250,000,000,000.

Apply the dollar drop to that, and liquid assets still have doubled.

 **BRIEFS:** Pilots complain Civil Aeronautics Administration installs several different airport approach light systems despite pleas from pilots and air lines to standardize on one. . . . Defense Production Administration finds only 31 per cent of new plant cost is in construction. Sixty-five is spent on machinery and equipment. Land costs .7 per cent, overhead 3.2 per cent. . . . Most railroads want compulsory arbitration law, most other industries don't. So look for separate rail arbitration bill. . . . U. S. Chamber of Commerce polled businessmen, trade association executives, found 45.9 per cent expect 1952 business volume to remain same as last year's or rise; 54.1 per cent think it will be lower.

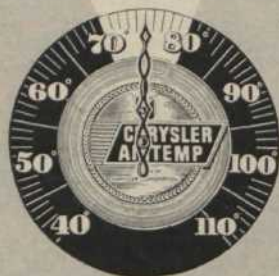
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Mail, second class

OUR SECOND-CLASS mail, owing to a peculiarity of its species, does not follow us around when we are away from home. Like tumbleweed blowing across a western Kansas prairie, like the suspended mud that the Mississippi carries down past New Orleans, like money in the bank, like fleas on a dog and leaves under a tree in fall, it accumulates.

When we come home we bring it up from the post office in a large carton or a bushel basket and as time permits give it a once over. There is one outstanding fact about second-class mail: it demands no answer. We are invited to con-



tribute, to buy, to attend, to read, mark and inwardly digest, to save the country, to abolish poverty, to go places—we are invited but, because this is second-class mail, no answer is expected. Indeed, that is the wonderful thing about second-class mail.

By the same token I don't send out any second-class mail myself. I save up till I have three cents and then I write a letter. But anybody who wants to send me some second-class mail, and no obligations assumed, is free to do so. I may not be looking for anything to buy but I like to browse.

Ye quaint old parkway

DRIVING along the great parkway in a whirl of traffic I thought of the country roads and trails that had preceded it, each modern, new and shiny in its time. Then I wondered if this, too, would some day seem archaic and quaint—perhaps with helicopters swarming overhead

and Boy Scouts making campfires in the middle of the once busy roadway. Perhaps—indeed, I have no doubt. Nothing is really old, nothing really new; everything is tied to the calendar. But let's watch that road—while it's there.

Remembered fragrances

THERE are perfumes of Arabia, which Lady Macbeth correctly thought would not sweeten her little hand after she had indulged in a murder or two, and there are those perfumes of the Caribbean islands which we hope to have sniffed when these words are in print. And there are perfumes of New England, sinless and non-tropical. . . .

When one steps out the back door to bring in the milk on an early sunshiny June morning (so says the lady of the house) one is greeted by a wave of perfume from the honeysuckle in bloom on the trellis, accompanied by a burst of song from robins and catbirds. Again in New England (she continues) we think of the fragrance in the autumn of piles of raked-up leaves burning. Then there are other keen memories of wonderful smells: fresh-baked bread when one came (or used to come as a child) into the kitchen, tired from play. Up in the Northwest there was the pungent odor of redwood lumber, drenched with fog, stacked on the wharf where children played hide and seek. . . .

Or one remembers the dusty, heavy, drowsy smell of tarweed (this would be California) when driving an old carriage with an old horse on warm August days; and the meadow larks flying across the fields and standing on the near fence posts to sing at us.

Or, in the South, passing fields of ripe strawberries on a hot evening. They never tasted so good as that glorious sweetness of fragrance promised. . . .

Another memory of an exhilarating smelling experience carries us across the Atlantic to the south of France; coffee roasting, and

slightly burning, from a building on a narrow side street in St. Jean de Luz. . . .

And many more. Don't we all remember?

Life on an island

AN ISLAND, even a very small island, is like a continent. Here is St. Croix in the Virgins. It has two ports, of which I know better the one called Christiansted; it has mountains and inland plains; it has schools, churches, residential sections, suburbs, traffic problems and an economic situation, the same as New York, Washington or Chicago. It has politics (though I don't know what causes them) and I suppose some Crucians (that is what they are called) don't speak to other Crucians.

We visited a hospitable house on a hill, where all the lands and waters of the world seemed to be spread out, including an estuary into which Columbus entered on his second voyage, in 1493. The company included three or four who had had some connection with the Connecticut community in which we live most of the year. We could talk about the whole earth if we wished, which is all that a similar group in New York or London could do. And on the whole I believe those living on that small island could be as much a part of today's life as any others. If, of course, they wished to be. Some may not have wished to be.

Speaking of sunburn

I BELIEVE that anybody over voting age who goes out and gets sunburned ought to have his head examined. And so I am going to have my head examined, as soon as I get home.

Caribbean weather

WEATHER note for the Caribbeans: It is not always rainy down this way. St. Croix was having a drought while we were there. The trade winds tend to blow in the same direction, hour after hour and day after day—but don't count on this if you are out sailing and have to keep an appointment on shore.

Flight at 11:59 p.m.

I NEVER was one to grow poetic over flying, though I know and respect those who do. For me, flying is a way of getting quickly from one place to another. Machines and crews are remarkable but let us



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face the facts of life: the passenger, three or four miles up in the air, sitting on a miracle, can be bored. But he has his moments: a midnight take-off, perhaps in the cold rain, a swift rise into the company of the moon, then dawn, the morning star and land lying low off the beam. The Wright Brothers had their failings but at such moments I am ready to lay a wreath on any monument to them.

Notes on Puerto Rico

THE TROPICS are not always what they were—not for the traveler. Air conditioning wends its breezy way around the world. In San Juan, Puerto Rico, we wished for overcoats; the engineers had done their work too well and the climate in our room, no matter what we did to that little gadget, was that of outdoor Quebec in January. But we improvised some ear muffs and slept well. . . . Puerto Rico is not a "possession" of the United States, as I carelessly called it a while back. Puerto Ricans do not consider themselves possessed, by ourselves or anybody else. Does New York State "possess" South Carolina? I reckon not. . . . But the Puerto Rican man in the street, or maybe I should say *hombre en la calle*, does often speak Spanish as his first language, English as his second. This is his privilege. It is a good idea for the tourist to be prepared to say *please* and *thank you* in Spanish. And a friendly smile, in either language, helps.

The ancient music

SOUNDS, like scents, touch our memories where words could not. We heard the roar of the surf on the beach outside our hotel at San Juan and again at the pleasant little island hotel where we stayed at St. Croix in the Virgin Islands. I thought of summers at Woods Hole on Cape Cod, when our children were almost outgrowing their sun tans, they ate so much and expanded so fast, and the waves pounded on the rocks below the lighthouse, and the whistling buoy mourned and mourned, all night long; I thought of times in Pacific Grove and Carmel, Calif., when the long rollers arrived from China and Japan and shook the very ground; and I recalled, too, how Matthew Arnold heard the surf on Dover Beach and remembered, in his turn, how Sophocles heard it in the Aegean. Some day, maybe, there will be surf and no human beings to hear it—no lovers walking the beach under the pale moon,

no grief-stricken persons taking comfort from it, no picnickers throwing broken pop bottles where bathers can step on them. But to listen to the surf once is to listen to it forever. Bring it on. What matter if the film continues while the audience changes?

Human nature

IN PUERTO RICO motorists drive right, or are supposed to do so, as in the United States. On St. Croix they drive left, or are supposed to do so, as in Britain. But in both cases I noticed that some drivers go left when they should go right and some go right when they should go left. What I say is, and not for the first time, you can make and change traffic rules but you can't change human nature.



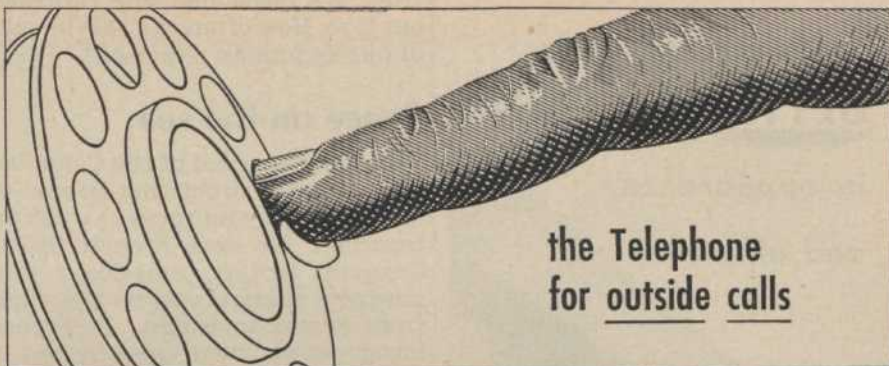
Tourist in his glory

IN MOST of the bird and animal kingdom it is the male who dresses colorfully. The human race, wisely, as it seems to me, does just the opposite. Most of the time, that is, and in most places. But I notice on tropical beaches and at our own bathing places a strange reversal: I can shut my eyes and hear some of the shirts and shorts some of my fellow tourists wear.

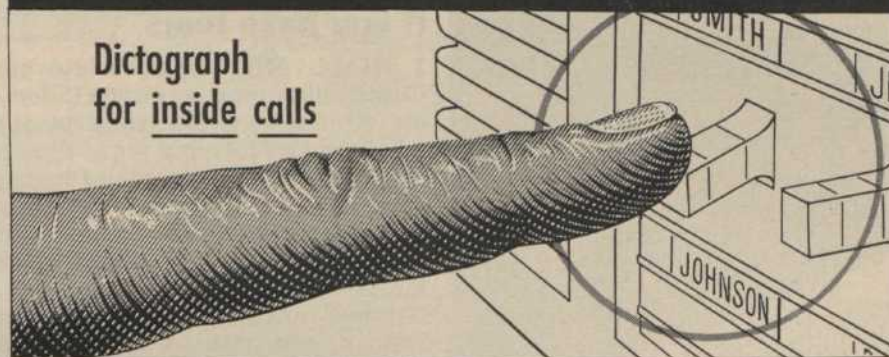
Hail "Colombie"

IT IS easy to love a ship, and less dangerous, they tell me, than to love a woman, an art or a lost cause. Anyhow; we—my wife and I—fell in love with a steamship called the *Colombie*, which picked us up at Pointe-à-Pitre on the French West Indian island of Guadeloupe and carried us down along the islands and the mainland ports—Martinique, Barbados, Trinidad, La Guaira, Curaçao, Cartagena, Jamaica, and so back to Martinique where we said good-by regretfully to *M. le Commandant Dupont*, *M. le Commissionnaire Hervé Quefféléau* and *M. le Maître d'Hôtel Henry Guiraud*.

My wife said the *Colombie* was a happy ship; not only in her officers and crew but in the way she dealt with the sea—which was her friend, not her enemy, and accepted her gladly. I think this was



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true: We loved her. She returned our love. How often can this be said of purely human relations?

Peace on the sea

THE passenger list of the *Colombie* was constant proof that people of many origins and races can get on together. We were French, Swiss, German, British, Americans and mixtures of many sources traveling from island to island. I suppose harsh words were spoken but I never heard any. We were as all passengers on the good ship Earth should be—only we had more sense, more tolerance or more whatever you wish to call it, than some of the human race.

If you have tears

I SHALL ALWAYS associate our West Indian journey on the *Colombie* with a song the band played whenever we left any port. This is called "Adieu Creoles" and has to do with the sentiments of a departing sailor—as I understand the situation—who has found the ladies of Martinique not unattractive but reflects that the ladies of France are not so unalluring, either. Of course sailors ought not to have such thoughts; fickleness is not a virtue. That doesn't really matter. What matters is that this song, like "Home Sweet Home," tears your heart out by the roots and makes you cry. And crying once a day as we departed from that many ports kind of wore me out. I liked it, though. There is no luxury quite like a burst of good, old-fashioned sentimentalism.

Pleasures and palaces

I OFTEN thought, in my original way, as we thrust our prow along the West Indies, that lots of islands were good places to visit, but I wouldn't like to live there. And now a startling thought has come to me: maybe this is true of the whole earth; maybe I am a confirmed wanderer, maybe I wouldn't like to live anywhere. I hope this is not true; for I have, though it is a humble one, a home.

Islands of Babel

THE WEST INDIES are a little world in themselves. If we had been smart enough we could have found use for Spanish, French, Dutch and a local dialect spoken on the island of Curaçao, in addition to our native tongue. We did our best, and if I spoke a little Italian when I thought I was

speaking Spanish my intentions were good. It was the same with money as with words: we dealt in American dollars, Barbadian dollars, French francs, francs of Martinique, English pounds and Barbadian guilders—the latter are not the same as the Dutch guilders. We longed for a universal language and a universal currency. And at the same time we were glad to have things as they were. Let us not iron out the world and make it perfect; please let it continue to be imperfect, unlike and fascinating.

"Quaint" Caracas

WE WENT up over a winding road from the Venezuelan seaport of La Guaira to visit the quaint old city of Caracas. We found at Caracas the birthplace of Bolivar the Liberator. We also found something that reminded me of Oklahoma City in the early oil boom days. Caracas is, in fact, booming; prices are high; streets are being desperately widened in a fight against traffic jams that make New York and Washington seem like open spaces. In short, quaint my eye! But interesting and worth looking into, especially for those who think Latin Americans are all overloaded with *manana*.

The true romance

CURAÇOA, otherwise a clean, orderly overseas Dutch city, announced itself to us early in the morning by a heavy smell of petroleum, which we could have done without. Eau de Cologne would have been better. But petroleum is romantic, too; if you give it its due. Petroleum ran our ship. Petroleum opens the highways of adventure, on the sea, by land, and in the air. As to that smell on Curaçao, on all days or only certain days, depending on the wind, I would not change it; it is the wings of the morning; it is the true and not the false romance.

Life at eight

MY WIFE noticed on the train a boy of perhaps eight years of age traveling with a worn-out adult or two. From the conversation she surmised they had been on the road for many hours and the parents had had enough of the project. But the small boy, his eyes gleaming with excitement as the train reached the outskirts of the big city, cried out: "Is this really New York? We got here quick, didn't we?" I'd like to be that young—I would, indeed.



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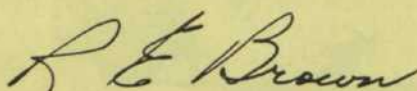
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The State of the Nation



Felix Morley

NO DEMOCRAT and no Republican can say today with any certainty who will be chosen as the presidential candidate of either party. One must go back 40 years to find the last time when there was similar uncertainty, on the eve of the conventions, both for the administration in power and for the opposition.

In 1912, at the beginning of June, the situation was in some respects strikingly similar. William Howard Taft was then running for re-election on the Republican ticket, but Theodore Roosevelt was preparing to split the G.O.P. Today the southern Democrats seem equally ready to break with any Truman-endorsed candidate.

In 1912, the Democrats were as eager to control, after 16 years in the wilderness, as are the Republicans now, following an even longer term of exile. But it took 46 ballots, at the Baltimore convention, for Woodrow Wilson to wrest the nomination from Champ Clark. Except for the two-thirds rule, then still in force for the Democrats, Clark would have been nominated on the tenth ballot, and presumably eventually elected. As it happened Wilson came in, with scarcely 40 per cent of the popular vote, about the same proportion received by Lincoln in the four-cornered contest of 1860.

One pronounced difference, brought by changing

circumstance, comes immediately to mind. In the early summer of 1912 Europe was a stable and prosperous continent. The Far East then revealed no issues more serious than the perennially chaotic condition in China. Neither the Near East nor Africa nor even Latin America, excepting perhaps Mexico, was giving Americans any cause for concern 40 years ago.

• • •

Foreigners had little interest in American politics in 1912, and Americans were equally indifferent to foreign problems. Therefore the interregnum of that year, the period in which the outgoing President had lost prestige while his successor was still unknown, caused no concern. That was not the case seven years later when Woodrow Wilson, with 17 months of his second term still to serve, was stricken with paralysis. During that rudderless period the country reverted, quite happily, to isolationism. The results of the present interregnum, during which neither the Administration nor the opposition can speak with a clear voice, are at present unpredictable. But obviously the lack of centralized direction comes at a critical time.

It is hoped that the country, regardless of whatever may be in store, will preserve the two-party system.

The mechanical perfection of this political arrangement needs no emphasis. It concentrates the responsibility for government squarely on the



party in office, while the responsibility for criticizing and presenting alternatives is focused just as clearly on the party in opposition. Departures from the two-party system, especially that of 1912, have done much more to confuse than to clarify American politics. They are especially injurious, notwithstanding the case of Lincoln's first election to the Presidency, when several candidacies result in the election of a President by minority vote.

The powers of the Chief Executive are so great, and the problems with which he must grapple are now so enormous, as to make his election by a clear-cut majority highly desirable.

The obvious advantages of the two-party system, however, have not served to establish it in other countries, and have not even preserved it inviolate in the United States, where this simple political division is favored both by reason and tradition. To maintain the two-party system it is essential that each party shall stand for principles that are readily understood, significant to the individual adherent, and clearly distinguishable from the philosophy of the opposing party. A political party splinters, and factions like the "Bull Moose" of 1912 or the "Dixiecrats" of 1948 split off, whenever a large body of people come to feel that the parent organization has either lost or changed its political conviction.

The nature of this federal republic actually ordained the two-party system, the origin of which is clearly apparent in the great debate that led to the adoption of the Constitution. The central issue then was how much power should be concentrated in the national Government; how much reserved to the states and to the people. From 1787 on, Americans have continued to divide over that issue, even to the extent of fighting a civil war. And while the two major parties have changed their names, and from time to time their positions, the central issue of concentrated versus divided powers has remained. It is very much to the fore today.

Many Americans do not themselves realize that a philosophical cleavage underlies their politics. The immediate issue interests them more than the principle behind it. If the President takes over a great industry, because of a wage dispute, some call this an unconstitutional and intolerable interference with free enterprise. Others say it may be justified on grounds of "inherent power" needed to meet a "national emergency." The real

point, however, is whether Washington has the moral right to take such drastic action under our system of government, which was clearly designed to protect the citizen against official dictatorship.

The same problem of limited versus unlimited governmental power underlies the divergent views on foreign policy, and indeed every other major issue on which public thinking takes sides today. People are naturally irritated by the taxes necessary to meet the extravagant cost of subsidies to other governments. But what makes the subject controversial is not its cost so much as the centralization of power involved. Advocates of the Truman-Acheson foreign policy say it is justified by the emergency. Opponents say that the grandiose character of our foreign policy will eventually destroy the liberty of Americans at home and that this, rather than any threat of Communism, creates the emergency.

To be vital, politics must center not on empty slogans favoring the personality of a candidate but on his philosophy of government, and on his demonstrated ability to apply that philosophy to the solution of current problems. The party program, in other words, should determine the thinking of the candidate, not the other way round.

The political picture is confused today primarily because the two major parties have developed catch-all programs, based on an opportunism which is alien to the American tradition. The Democratic Party, originally that of states' rights, has now veered around to become, in spite of southern opposition, the party of uninhibited centralization. The position of the sharply divided Republican Party on this fundamental issue remains uncertain. Senator Taft has made his opposition to ever-growing centralization clear, but General Eisenhower has not completely.

For this month, at any rate, the American people will be thinking primarily of their own domestic concerns. The outgoing President, threatened with impeachment, will certainly seek to avoid any further startling political actions before the conventions. No candidate can individually do more than make his personal position clear. That much, however, is expected from them all.

The present period of re-examination at home will simultaneously be a trying time for countries that have let themselves become dependent on American aid. But their anxieties must not divert us from our own major responsibility, which is the destiny of our own country. Whether the United States shall remain a federal republic, or gradually transform itself into a centralized empire, is now in course of decision. The issue is one on which every citizen should reflect, while there is still opportunity to make his opinion count.

—FELIX MORLEY



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Washington Scenes



Edward T. Folliard

THERE is a good deal of amusement here over the large field of candidates for President, and also a certain amount of disdain for some of the entries.

All things considered, the country ought to be glad that so many hats have been flying into the ring. And it ought not to worry too much about

the ten or more men who are going to wind up as also-rans. History tells us that there have been just as many unhappy Presidents as there have been embittered losers.

President James A. Garfield, for example, had been in the White House only two months when he exclaimed:

"My God, what is there in this place that a man should ever want to get into it!"

The job of President is far more difficult and trying now than it was in Garfield's day. No man is really big enough for it, no matter what his campaign literature says to the contrary. Even if the next President is a success in the long view of history, he is certain to be a failure in the eyes of many of his contemporaries—and he will be abused and vilified in consequence.

Bearing this in mind, it is fortunate for the country that there are men who think that they are big enough for the job, and who are willing to pay the price of being called "Mr. President."

What seems amusing to Washington—or a good part of it—is that so many should think themselves qualified. It is getting so you can hardly walk down Pennsylvania Avenue without bumping into a candidate. The U. S. Senate alone has six candidates. You hear remarks like these: "Well, I see that ——— has got the bug. What gall!" Or, "Boy, is he in for a surprise!"

The implication is that there are going to be a lot of broken hearts in Chicago next month, besides the one that will be broken in November.

• • •
This is almost certainly too sweeping a view to take of the matter.

The also-ran in politics is only rarely a tragic figure. Usually, he comes out of the dust of defeat no worse off than he was before, and often better off than those less venturesome.

Politicians are different, as different in their way as are pugilists. Generally speaking, they have more vanity than other men. They also are

more buoyant and more hopeful than most of us. It might be said, too—and this is important—that they are thicker-skinned. They can stand almost anything except being ignored.

The average citizen, possessed of the normal amount of sensitivity, just couldn't take the punishment that most big-time politicians have to endure. It is doubtful whether they could even take the lampooning that the Gridiron Club inflicts on its political friends at its famous dinners in Washington. At the dinner last month, for example, the club aimed its satire at Harold Stassen. To the tune of "I Wonder What's Become of Sally," a Gridiron member posing as Sen. Edward J. Thye of Minnesota sang:

I wonder what's become of Stassen, that old pal of mine?

I wonder where he may be passin',

Since he went away, that Nebraska day?

No matter what he's done, wherever he may be,
If no one wants him now, just send him back to me.

I'll always welcome Harold Stassen, that old pal of mine!

The Gridiron Club was saying, without being too serious about it, that Stassen was out of it—an also-ran in '52 as he was in '48. I don't think the big fellow minded very much. He has been in the political wars a long time and does not bruise easily.

Stassen would like very much to be President, yes, but it also should be kept in mind that he likes running for President. And by just running, he has become one of the best known men in the land.

There have, of course, been embittered losers in the great battles for the Presidency, notably Henry Clay. The Cock of Kentucky spent 40 years trying to get into the White House. A master politician, the greatest orator of his day, Clay could enchant people with his eloquence but he could never get them to give him the great prize.

"My friends are not worth the powder and shot it would take to kill them," Clay growled after being denied the Whig nomination in 1840.

Had he not been so proud



TRENDS



OF NATION'S BUSINESS

that year he would have reached the White House. He was offered the Vice Presidential nomination on the ticket with Harrison, but turned it down disdainfully. Harrison died one month after being inaugurated, and Tyler took over the Presidency.

Clay lost to Polk in 1844 by only 37,000 votes. It was the final blow. He held a weeping Mrs. Clay in his arms, and added his tears to hers.

William Jennings Bryan, who came along a half century later, had the same lust for the Presidency as Clay. He also had many of the same characteristics as the Kentuckian, including a silver tongue and great personal magnetism. In the end, though, he showed himself to be a better sport than Clay, saying:

"If events prove that my defeats have been good for the country, I shall rejoice over them myself. It is better for me that my political opponents should bring good to the country than that I should, by any mistake of mine, bring evil."

Bryan had a grand time in his three tries for the Presidency. He loved to talk, and indulged himself to the limit, making as many as 36 speeches in a single day. He also loved fame, and he got it in full measure—even in defeat.

Charles Evans Hughes, who died just a few years ago, had good reason for bitterness if it had been in his nature to be bitter. He lost the Presidency in 1916 to Woodrow Wilson by the margin of California's vote in the electoral college, and he lost California by only 3,777 votes. A popular story at the time—not altogether true—was that he went to bed on election night convinced that he had won the Presidency, and woke up the next morning disillusioned.

The noteworthy thing about Hughes is that defeat seemed to mellow him, to give him even greater stature. Theodore Roosevelt had once derided him as the "bearded iceberg." But in Hughes' later years in Washington, as Secretary of State and as Chief Justice of the United States, newspaper reporters and others got to know the man behind the whiskers, and found him warm, genial and even tender.

His charm and his brilliance as a raconteur were such that he and Mrs. Hughes were the most sought-after couple in Washington society. They were sometimes invited a year or more in advance of a particular dinner. At one fashionable party, a young woman asked the Chief Justice how she should address him. He smiled and told her that

his best friends usually called him "Charlie."

Getting back to 1952, the most surprising candidacy of all is that of W. Averell Harriman, who seeks the Democratic nomination. He is one of the most respected men in Washington, but people somehow find it hard to imagine him getting mixed up in the rough and tumble of politics.

It isn't that Harriman lacks qualifications. He is one of those enormously rich Americans who could have had a life of ease, but who chose instead to work, first in industry and then in the government service. True, he has never run for office, but he has had a lot of experience in government as ambassador in Moscow and London, Secretary of Commerce and White House trouble shooter.

What makes it hard for people hereabouts to picture Harriman in the political arena is his reserve, his shyness, and his seeming "passion for anonymity." But shyness does not necessarily connote lack of confidence or ambition. Harriman actually has a pretty good opinion of himself.

What about his great fortune? Would that not be a handicap in politics?

It wasn't to millionaire Franklin D. Roosevelt. And Harriman, it may be noted, is counting on the support of the same elements that supported FDR, especially organized labor.

The tall, 60-year-old New Yorker, who left the Republican Party in 1928 to support Al Smith, could be a formidable dark-horse candidate. He could, that is, unless Governor Adlai Stevenson of Illinois changes his mind and agrees to bow to a "draft."

President Truman has praised Harriman for his patriotism and ability and has said that he is well qualified for the White House.

Harriman is quite honest in explaining why he threw his hat in the ring. He thinks he could do a good job as President. For all his shyness, he seems to be enjoying the adventure. If he loses, he certainly won't be any worse off.

John W. Davis, the Democratic also-ran of 1924, once explained why men give up peace of mind and other things to plunge into the hurly-burly of politics.

"The attractions of public life lie in the interest and excitement it affords and, when one is successful, in the applause of one's fellows—a form of music to which no ear is deaf. Its one lasting reward is in the consciousness of duty done. To those who enter it with any other expectation, disappointment, disillusion and bitterness are as inevitable as the rising of tomorrow's sun."

At the very least then, the men now striving for the Republican and Democratic nominations will know excitement. Also, win or lose, they will have been actors in a great drama.

—EDWARD T. FOLLIARD



The audience walked out!

In the last few years, many people witnessed a miracle.

Once doomed to lives as invalids, they walked out into lives of usefulness and activity—by the miracle of the "wonder drugs!"

Wonderful as science's new drugs may be, one factor is still vital to their success. They must be used *in time* to be effective!

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AIR EXPRESS
GETS THERE FIRST

How earnings work to produce more oil

IMPORTANT FACTS FROM THE 1951 ANNUAL REPORT OF STANDARD OIL COMPANY (NEW JERSEY)

IN THE FREE WORLD, people use tremendous amounts of oil. Meeting their needs, rising year after year, has been one of the notable industrial accomplishments of our time.

For example, the peak war effort in 1945 pushed use of oil 23% higher than in 1940. This looked like a mark that would not be topped for years.

But vigorous post-war reconstruction, and expansion of industry, transportation and agriculture, made oil use in 1946 greater even than in 1945. And in 1951 it was 58% higher than in 1946.

To supply this oil has called for great expansion by the petroleum industry. It has meant new wells, pipe lines, storage tanks, refineries, tankships . . . in times of high costs.

The job has required a vast outlay of money, which has been provided largely by the industry's own earnings.

How this works out is shown in the case of Standard Oil Company (New Jersey), an American corporation having investments in companies carrying on the varied functions of the oil business in the United States and abroad.

Consolidated net income of Jersey and affiliates for 1951 was \$528,461,000. Of this, \$278,862,000, or 53%, was used to help provide new equipment.

In the six years since 1945, Jersey and affiliates have spent \$2,350,000,000 for replacement and expansion of facilities. Depreciation and depletion reserves provided only 44% of that amount. The largest share of the expenditure was met by the reinvestment of earnings.

During 1951 alone, to do their part in supplying more oil for the free world, companies in which Standard Oil Company (New Jersey) has investments:

Discovered Oil

In the United States, made new oil discoveries in the Williston basin, the Uinta basin, and Texas . . . In Latin America, extended known fields in Venezuela, and opened up a new area in Colombia . . . In the Middle East, Arabian American Oil Company made two important discoveries, one in the offshore waters of the Persian Gulf . . .

Developed Production

In the United States, drilled more wells than in any year since 1937, and greatly expanded secondary recovery operations to get more oil from existing fields . . . In Venezuela, completed 190 producing wells . . . In Canada, increased total producing wells from 844 to 1,140 . . . In the Middle East, Arabian American Oil Company and Iraq Petroleum Company increased production 57% . . .

Expanded Refining Capacity

At Baton Rouge, La., and Everett, Mass., enlarged refineries . . . At Winnipeg, in Canada, opened a new refinery and, at Edmonton, Sarnia, and Van-



OIL FOR ARMED FORCES



OIL FOR FACTORIES



OIL FOR CARS



OIL FOR FARMS



OIL FOR HOMES



OIL FOR TRUCKS



OIL FOR RAILROADS



OIL FOR SHIPS



OIL FOR PLANES



OIL TO MAKE RUBBER



OIL TO MAKE CHEMICALS

couver added facilities . . . At Fawley, England, put the largest refinery in the United Kingdom on stream . . . At Antwerp, Belgium, proceeded with field work on a large refinery . . . at Durban, South Africa, started work on a refinery, and at Bombay, India, completed arrangements to build a new one . . .

Expanded Transportation

In the United States, boosted pipe line capacity substantially, particularly in the South . . . Ordered twelve new ocean-going tankships, bringing the post-war total of those purchased or contracted for to 72 . . . Began to bring Western Canadian oil to consumers in the Eastern provinces by means of two large, new Great Lakes tankers, with a third going in service this spring . . . In Iraq, Iraq Petroleum Company brought near completion a new 556-mile pipe line from the oil fields to the Mediterranean. It will permit oil production in Iraq to be more than doubled in 1952 . . .

Advanced Research

Put into the search for new and improved processes and products a total of \$23,100,000, one of the largest expenditures for such a purpose by any company . . .

Continued Good Employee Relations

The interest of the company and its employees in maintaining good mutual relationships resulted in another year without strikes or work stoppages in the domestic affiliates. This was an important factor in meeting the increased demand for oil . . .

AS THE FREE WORLD GROWS IN STRENGTH, it calls for more and more oil. So, not just to the 254,000 shareholders who own Jersey, but to people on freedom's side all through the world, the two outstanding facts about our Annual Report for 1951 are: (1) Jersey affiliates again did their part in meeting the growing needs for oil; and (2) the competitive business system that did this job produced the earnings to help meet even greater needs in the future.

FINANCIAL SUMMARY

Standard Oil Company (New Jersey)
and Consolidated Affiliates

| | |
|--|----------------------|
| Total income from sales, services, dividends and interest..... | \$3,863,317,000 |
| Net income | \$528,461,000 |
| | or \$8.72 per share |
| Dividends | \$249,599,000 |
| | or \$4.12½ per share |
| Wages and other employment costs..... | \$600,500,000 |
| Taxes charged to income..... | \$400,700,000 |
| Other taxes, collected for governments..... | \$329,900,000 |
| Spent for new plants and facilities..... | \$381,824,000 |
| Number of shareholder-owners..... | 254,000 |
| Number of employees..... | 120,000 |

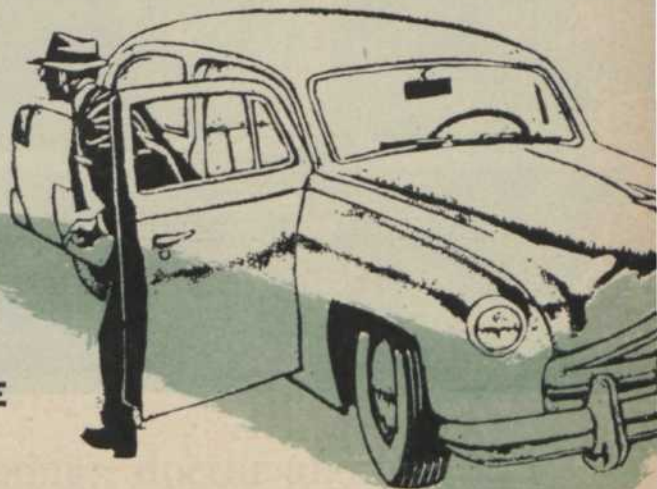
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STANDARD OIL COMPANY (NEW JERSEY)
AND AFFILIATED COMPANIES

AND THEN— SUDDEN *Ruin*



With injury awards and accidents zooming, insurance may soon cost more than you can pay. **By LESTER VELIE**



THE CASE was a routine personal injury suit arising from a car accident. But the courtroom pulsed with the electric drama of a murder trial thriller.

Daily, the plaintiff's lawyer brought into court a bulky object. The plaintiff had suffered an amputation. The bundle was a thick package wrapped in yellow butcher's paper which could contain—anything. Sometimes the lawyer put the package on the seat beside him; sometimes on the counsel table before him. He moved it from seat to table, from table to seat. Soon, the jury had eyes for nothing but the bundle. Even the judge glued his eyes on it.

When the lawyer unwrapped the package, taking five long minutes to do it, it turned out to be an artificial leg.

"This is what the plaintiff, this woman, is going to wear the rest of her life," the lawyer said as he handed the metal and harness affair to the jury foreman. Counsel for the other side had pointed out that the scientific, man-made limb would permit the amputee to dance, golf, drive. The plaintiff's lawyer seized this opening.

"Pass the limb around," he said to the jury. "Feel the warm blood coursing through the veins; feel the fine texture of the flesh. Move the noiseless joints of the limb and compare it with the articulated parts of your own knees."

As the jurors passed the device around, their verdict was already written in the looks of pity they turned to the plaintiff who sat before them, only one natural leg showing below the hem of her skirt.

The verdict for the plaintiff was \$100,000. Rare only a few



The plaintiff's lawyer writes on bills and other information where

years ago, this king-sized personal injury verdict and the legal skill that won it are now a commonplace in courtrooms all over America. A New York jury has handed up a \$400,000 verdict for a life—that of a victim in last year's Long Island Railroad disaster. Verdicts almost as high have been awarded to accident victims who live. A Florida jury has awarded a train victim \$300,000 for the amputation of part of one foot. Railroad injury verdicts like these set standards for automobile accident awards such as the \$225,000 granted a California fireman injured when a truck struck his fire apparatus.

While verdicts climb higher, more cars clog roads and streets, and accidents grow more frequent. Higher verdicts and more accidents add up to the most alarming combination that motorists and insurance companies have had to face since the automobile first hit the road.

For the motorist, the higher-verdict-more-accident combination poses a problem of dollars and cents: he runs greater risks when he gets behind the wheel. But the high verdicts and more frequent accidents force insurance rates up. So, the added protection the driver should buy may soon cost more than he can pay.

For the insurance executive, the verdict-accident

combination poses something more terrifying: a problem of survival. Stock as well as mutual casualty companies are losing money on automobile liability business. Yet the higher rates that could cut these losses bring new terrors: the underwriter may price himself out of the market. If he does, who will fill the gap? The insurance executive remembers the historic eagerness of Government to do so and shudders.

Here is an automobile-age problem about as tough to unsnarl as the traffic jams that strangle our cities. Yet, unless it is solved it can bring ruin: sudden ruin to the property owning driver who lacks the insurance to cover an injury claim; slow ruin for insurers who lack premium income to cover losses.

To understand this problem, let's look first at the new forces at work to push jury awards higher.

Among these is the National Association of Claimants and Compensation Attorneys. Formed in 1946 by a successful Boston workmen's compensation lawyer, Samuel B. Horovitz, the association—NACCA for short—now has 1,500 members.

NACCA agitates publicly for higher verdicts. It does not appear before legislatures or Congress to urge legislation. The organization is effective in other ways.

It is a postgraduate school that trains lawyers to



a big blackboard his client's name, earnings, doctor and hospital they can be seen by the jurors throughout the trial's duration

use the highly successful damage suit technique that practitioners like Melvin M. Belli, former NACCA president, have pioneered.

Belli, an eloquent 43-year-old Los Angeles trial lawyer, is as skilled in winning money damages as Clarence Darrow was in winning acquittals. He has already won for injured clients awards of \$115,000, \$125,000, \$225,000 and \$300,000.

For three months out of the year, Belli spends his own traveling money and his own time teaching lawyers all over America how they can win what he describes as the "more adequate award."

Is \$206,000 an "adequate award" for injuries suffered in a negligent accident?

Let's take the case of a man of 30 who suffered a damaging blow to the head, a broken back, whose pain is continuous and who will never work again.

A \$206,000 award, until recently, was regarded as excessive even for a death. Here is how a lawyer uses newly developed courtroom methods to win such awards regularly today.

First, the plaintiff's lawyer surrounds himself, in the courtroom, with the tools he'll need. These include a blackboard, and a neurological skeleton. The skeleton he can obtain from such "visual aids" medical houses as the Clay-Adams Company which can also supply him—as needed—with skulls and

lifelike colored plastic models of torsos, intestines, eyes, heart and even male and female organs of reproduction. (The latter could be useful in impotency cases resulting from accident injuries; for such impotency, one plaintiff recently won \$125,000.)

On the blackboard, the lawyer puts down the client's name, Sam Jones, and notes, too, perhaps in colored chalk, that Jones earned \$300 a month. Also, that Plaintiff Jones, now 30, has a life expectancy—according to insurance actuarial tables—of 30 more years. All this, the jury can see on the blackboard from beginning to end of the trial. Plaintiffs' lawyers have learned they have a better chance if they can reach jurors through their eyes as well as through their ears.

On the blackboard, the lawyer puts down his first figure: \$6,000. This, he brings out through testimony, is the cost of doctor and hospital bills to date (special damages).

The plaintiff has lost 12 months of work at \$300 a month. Down goes the next figure: \$3,600.

To get at his next figure, the lawyer argues that pain and suffering and general damages already suffered by his client come to \$25,000. To prove his point, he may cite a recent New York case in which \$40,000 was awarded for ten hours of conscious pain and suffer- (Continued on page 64)



CHICAGO PREVUE

Economy has put both
the elephant and the
donkey under one tent, but
the harmony only lasts
until the voting starts

By WILLIAM J. SLOCUM

THE Conrad Hilton Hotel in Chicago, nee the Stevens, is unique because it is the world's largest bedding down emporium. It is also unusual because it is currently the scene of an unbelievable love affair that has been in fervent progress for six months. It will come to no good end in July and result in much vulgar name calling. But now, all is bliss.

The party of the first part in this *grand amour* is the Republican, residing in Room 808. The party of the second part is the Democratic, domiciled in Room 1300. And the thing that has brought these traditional enemies into each other's arms is money.

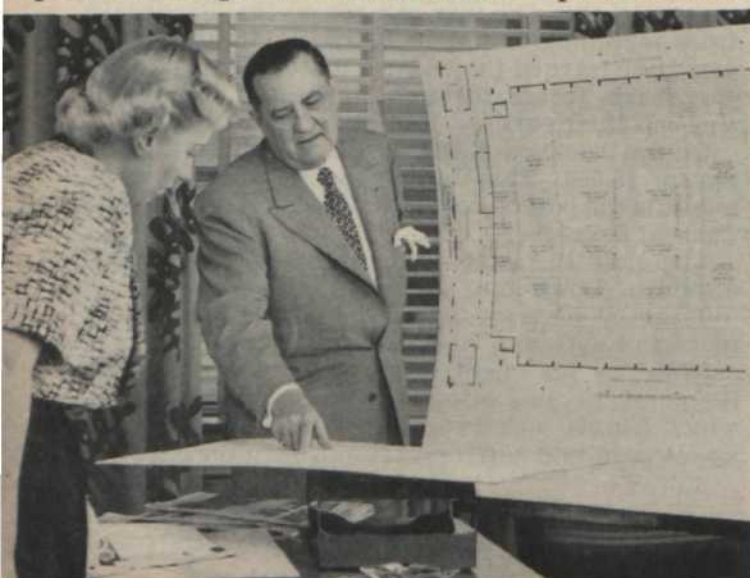
The Democrats and the Republicans billing and cooing in the Hilton are making preparations for the political conventions to be held next month. Each side has \$250,000 to spend—its *own* money, not the taxpayers!

So, to spend as little of it as possible, they agree on the city and site of the convention; on the construction and decoration plans; on the dates and on a thousand and one other major and minor items so that every dollar spent can be used by both parties and thereby cost each 50 cents.

Together these perpetual enemies work to please or thwart reporters, radio and TV journalists and performers, and even sponsors and female pitchmen. This will be the first convention to boast a "Sponsors' Booth" and certainly the first to build a private dressing room for a lady who sells refrigerators via TV.

No less temperamental are the thousands of politicians and delegates who, complete with wives and

ARCHIE LIEBERMAN—BLACK STAR
How to put 20,000 persons in 7,000 seats is just one problem facing both Democratic and Republican chiefs



commitments, descend on the conventions demanding suites and fistfuls of tickets. Each party handles its own problem children, of course, but even now the lovebirds in Rooms 808 and 1300 work hand in glove arriving at techniques, bulling hotels into line, arranging procedures with the police, firemen, railroads, airlines, and local bail bondsmen.

The emergence of TV as a major factor of the conventions has added 500 temperamental folks to a motley mass already overloaded with the same. There are 1,500 reporters to be taken care of, 200 still photographers, 300 radio men, and 80 newsreel men. In addition there are a minimum of 3,160 Democratic and 2,410 Republican delegates and alternates. Also thousands of politicians who range from molders of our destinies down to ward heelers. They all must be fed and bedded down. They must have tickets and credentials. They must be speedily bailed out, if necessary. Some must be helped financially, as are some Republican delegates from southern, or politically nonproductive states.

All the radio networks want the same booth behind the speaker's stand at the hall. All the press associations want their space closest to the convention floor. All the politicians want to be allowed their hour of glory before the TV and newsreel cameras and the nation's press. And they want the full hour, not five minutes. Every governor needs eight extra tickets. Everybody must be made to feel important. Yet no one can have everything he wants, and nobody can be rebuffed rudely.

The miracle of giving every one what he wants but at the same time making the conventions showmanlike exhibitions rather than windy Donnybrooks is handled by politician-heroes who are members of the committees on arrangements. The same title, same problems prevail for both parties this year, the first since 1928 in which both conclaves are wide open.

To outline the jobs these committees do, I beg the use of a literary expedient. This expedient happens to be the Democratic Party and it does the job neither better nor worse than the Republican. But one man does it all for the Democrats, although they have a 15-man committee. The Republicans have a committee of 40, about evenly divided between men and women, and the members take active part as individuals. Thus, to avoid saying Harrison Spangler does this and Mrs. F. Peavey Heffelfinger does that may I simplify matters and discuss the Democratic paragon who does everything—William Neale Roach.

Roach is a soft-spoken Marylander who has been working for the Democratic National Committee all his adult life since he first turned a mimeograph machine at the 1932 convention. This is the second caucus he has managed. When not running conventions Roach is assistant treasurer of the Democratic National Committee. He is a personable and likable young man. The fact that he has survived so many opportunities to be disliked in his own party is proof. Further proof is readily available in Room 808 at the Hilton where the other half of the affair is quartered.

Walter Hallanan, national committeeman from West Virginia, is roughly Roach's opposite number. He is experienced and affable. But Hallanan has extensive business interests and frequently has to oversee the operation from vast distance. Hallanan, unlike Roach, is not paid although his staff, like the Democratic office workers, is salaried.

On Feb. 11, Roach moved into Room 1300 (the Democrats consider it

(Continued on page 60)



INTERNATIONAL NEWS PHOTOS



Confiscatory taxes
on salaries and bonuses
have forced companies
to seek new methods
of rewarding their
top executives



HOW TO GIVE THE

IN 1923, Walter S. Carpenter, Jr., was the president of the du Pont Company. He earned \$78,570 in that year and kept \$60,843 after paying his tax.

In 1947, he was the chairman of the same company. His salary had risen to \$175,000, but in 1947 he netted only \$48,521 after taxes.

After 24 years of service, Carpenter took home \$12,322 fewer dollars a year, although his company paid him \$96,430 more.

His case pretty well sums up what has happened to executive take-home pay in this country, and a recent survey by Arch Patton, executive-compensation expert for McKinsey & Company, management consultants, confirms this and adds several unpalatable facts to the executive's already bitter experience.

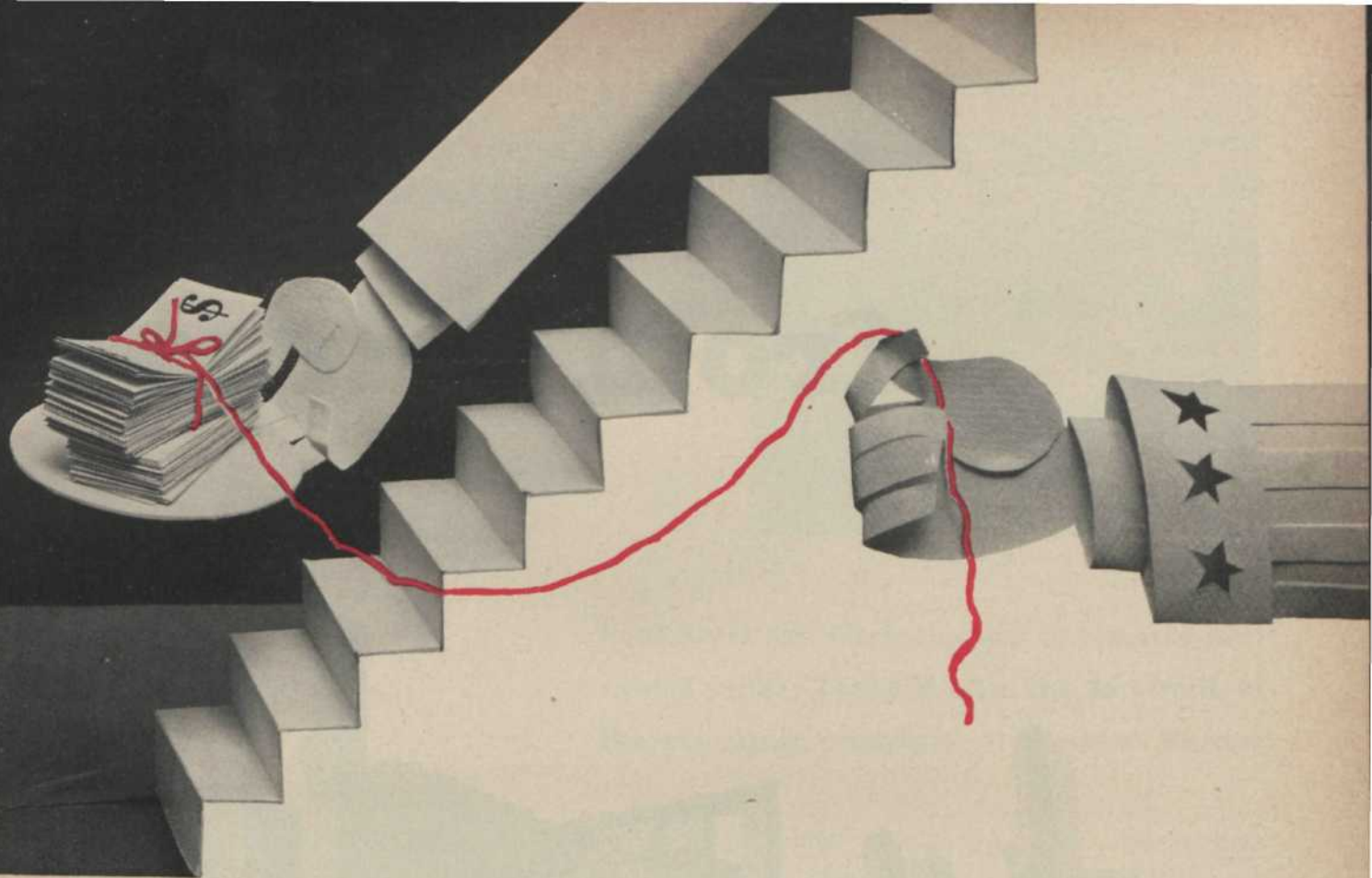
Patton shows that the highest level executives—the upper one tenth of one per cent—were earning 35 per cent more dollars in 1950

than they had been earning in 1939; and that executives on the next level were getting 45 per cent more dollar income. But, Patton points out, by comparing 1939 dollar-values and taxes with the 1950 dollar-values and taxes, it is easy to see that the top levels of executives are far behind the 1939 income level in real, take-home pay.

Executives are being paid less in real dollars than they were in 1939, but the ones farthest behind are those at the top. They are earning 59 per cent less in real wages than they earned in 1939. The people who work for them—labor—are three per cent ahead of 1939 in real wages.

In other words, a man who earned \$135,000 in salary in 1950 actually earned less than half as much as a man who made \$100,000 in 1939.

I discussed this phenomenon with Patton and with other management experts, executives and



BOSS A Raise

By WALTER ROSS

financial and tax men. All of these men who are typical of hundreds in their professions are concerned with giving the boss a raise. And not out of sentiment or selfishness.

"It's rather difficult to weep for a man who is earning \$100,000 a year," one of them said. But, they are worried because there is an acute shortage of executive talent today.

Many management consultants have the constant problem of helping their clients find topflight executives to fill key positions. For example, Philip Donham of Booz, Allen & Hamilton described specifications to me for many unfilled executive positions, ranging from a controller (good controllers are among the scarcest of all) at a \$15,000 salary to a company president at \$250,000. Two other consultants showed me similar lists with similar salary ranges.

Yet these big salaries do not necessarily produce the men who

are needed to fill the jobs. It is almost impossible to give a highly paid executive an old-fashioned money incentive in the form of salary or bonus. A man who is earning \$100,000—\$47,000 after taxes—must get \$4 extra in order to keep \$1; the \$200,000 man must get \$9 in order to take home \$1.

Besides, with executives now so scarce and valuable, companies who have good men do their best to hang on to them with nonsalary devices such as pension plans, insurance and deferred compensation—all of which make it expensive for a man to leave his job.

On the other hand, pension plans may be used to attract executives, even those who have pensions, to new jobs. This is accomplished by offering larger pensions. There are two devices which may inspire an executive to work harder in his present job, or may attract him to a new position.

These are *stock options* and

stock bonuses. Stock bonuses are taxable as income, but the profits derived from increased stock values are a capital gain with a current top tax of 26 per cent. So stock bonuses are generally most useful in a low-priced, high-leverage stock. Restricted stock options, which also create capital gains, are most valuable in stocks that are listed on the major exchanges, or in stocks which are about to qualify for such listings. Stock options are the newest method for adding to the boss' take-home pay and the one that is spreading most rapidly throughout industry.

There is no one best plan, either as incentive or for man-holding purposes, for all companies. Each must work out its own arrangement in terms of its executives, stockholders, tax-structure and labor relationships. Most executive compensation plans include or will soon include one or more of the

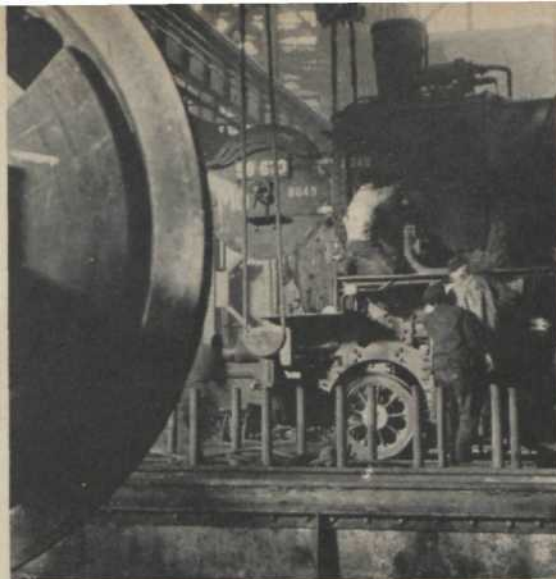
(Continued on page 76)

from Ruins to



By JOSEPH WECHSBERG

Recovery



Four years ago Germany was a defeated and ruined land. Today it's in the forefront of the economic comeback of Western Europe

NOWADAYS, I often remember my journey on the Frankfurt-Bonn-Duesseldorf express, in the spring of 1950. The train was crowded with German businessmen, industrialists and politicians. In the dining car I found myself at a table with three distinguished-looking executives who drank Rhine wine and were discussing a scheme to set up, "in as many American cities as possible," offices of the Dollar Drive Society, for the improvement of German trade to America.

"We haven't a chance to sell a large share of our export goods in the United States," said one of them, a manufacturer of optical goods. "But our sales offices will be able to analyze American export methods to Central and South America. The best way to study those markets is to watch what the American exporters send down there. We've got a terrific future in Latin America. A friend of mine in Hamburg recently bought English textiles, for marks, and sold them to Brazil, for dollars. Made a fortune."

The second man, head of an export-import firm in Frankfurt, said, "Great idea. In a few years we'll compete with the *Nordamerikaner* in their own hemisphere."

"And the beauty of the scheme is that the Americans themselves supply us with the initial funds to build up our sales organization."

It sounded like a pipe dream but it has come true. The Dollar Drive Society was founded on June 26, 1950. It is somewhat similar to Britain's Dollar Exports Council. And last year Germany sold more than \$300,000,000 worth of steel, iron, metal products, motor vehicles, textiles to Latin America. In fact, Germany is about to overtake Britain as the No. 2 exporter to Central and South America.

German exporters have always been popular in Latin America. They gave (and give again) generous credits. They readily replace items which don't give satisfaction. Their salesmen speak Spanish and Portuguese, are courteous, eager to please the customer, and well trained. They know all about the goods they sell, are able to dismantle and reassemble

their machines. They have a few surprises in their catalogs.

After the war, when there was no protection for new patents in Germany, many firms hoarded their technical improvements, and showed them only in the past two years. One firm amazed buyers at several international fairs with a machine saw which cuts trees into boards and polishes them at the same time. As a result of such methods, the Germans are winning back their prewar markets.

Elsewhere, they do even better. Having lost their markets in the countries which accounted for 16 per cent of Germany's total prewar foreign trade, but are now in the Soviet orbit, German exporters recently conquered new markets in the West which were dominated by the British and French. In 1949, Western Germany's exports to Western Europe were only 67 per cent of Britain's exports there; last year, they amounted to 210 per cent of Britain's exports. Today Western Germany sells more chemicals, machinery and metal products to Western Europe than Britain.

German exporters recently asked their government to subsidize exports to the United States by granting them "dollar bonuses" and tax refunds. The Germans knew their day was coming and they were ready for it when it came. Western Germany's exports have gone up from \$1,000,000,000 in 1949 to more than \$3,000,000,000 in 1951. They are still rising.

In the crowded business districts of Western Germany's cities you find American-style promotion and merchandizing campaigns, special sales, customers crowding in front of counters, tired salesgirls. Every week is the week before Christmas in Western Germany.

Much of the volume consists of low-price goods but there is plenty of carriage trade. The shopping centers of Hamburg, Munich, Duesseldorf, Frankfurt, Cologne compete with the discreet elegance of Zurich's Bahnhofstrasse, or with the chic displays of the Champs Elysées. In the luxurious stores of the Koenigsallee in

(Continued on page 84)

All Aboard for Outer

By STANLEY FRANK

Interplanetary travel is closer to reality than you think. Man, not machines, is the joker, however

WHEN a bunch of sedate scientists are seized by a whimsical idea, it usually is a little gem. In March, 1950, the American Museum of Natural History in New York announced, strictly for a gag, it was taking reservations for a rocket trip to the moon, casually adding it could not guarantee return passage to the earth. To date, more than 23,000 acceptances have been received from throughout the world. The publicity created such a sensation in Europe that the Russians promptly declared they also were building a space ship. The museum people thought the announcement would be taken in the frivolous spirit it was made, but the utter seriousness of many applicants who want to get out of this chaotic world is at once frightening and revealing.

Voyages to the moon and outer space are nearer reality than the skeptical and the gullible realize. A manned rocket could be sent to the moon tomorrow, figuratively, if \$2,000,000,000 were available for the project—and a good case could be made

for spending the money. The U. S. Air Force believes interplanetary travel is so feasible that it held a four-day international conference on space medicine at San Antonio late last fall.

The agenda was devoted to the environmental and psychological problems man will encounter when he begins to explore his solar system.

World-famous physicists, astronomers and geophysicists did not meet at San Antonio from points as distant as Belgium to cut up Buck Rogers touches. They were there to discuss known phenomena and investigate exotic conditions in the aeropause, a new term that soon will be in the common vocabulary of us earthlings. The aeropause is the zone where the functions of the atmosphere for men and craft terminate. Stated simply, it means there is not enough oxygen up there to sustain life or to operate reciprocating or jet engines. The aeropause begins at 70,000 feet, a ceiling that has been pierced by a few planes. In other words,

man already has put a toe into outer space.

"For once, we're beating the engineers to the punch," says Maj. Gen. Harry G. Armstrong, surgeon general of the Air Force. "Pilots died in the past because they were not protected against the conditions found when man left his natural environment. Those hazards are infinitely greater in space, of course. Enormously intricate protective devices will have to be built into space ships and it's our job to find out what they are before interplanetary travel is attempted.

"Although space ships will be guided largely by automatic controls, the crews will have to make delicate adjustments in flight. If they are unable to make them, the space ship will be their tomb. There are tremendous problems, but some of the basic ones have been licked."

Man has been flying on artificial oxygen for many years, and his requirements are no different at 50,000 feet than at 50,000,000 miles. Reduced air pressure causes the blood to boil at 63,000 feet. Pressurized cabins now in use can take man anywhere in the universe safe from that danger. An antigravity suit that prevents blacking out at extreme speeds has been perfected. A short five years ago people wondered what would happen to a pilot when his plane exceeded 760 miles an hour and hit the sonic barrier. On June 11, 1951, Bill Bridgeman, flying



Space

an experimental plane, traveled between 1,200 and 1,500 m.p.h.—the exact speed is a military secret—at Muroc, Calif. Bridgeman was among those present at the San Antonio conference.

The critical altitude a rocket must attain to escape earth's gravity is 350 miles. On Feb. 24, 1949, the WAC Corporal reached 250 miles above White Sands, N. M. The fellow with the answer for the remaining 100 miles also was at San Antonio. He was Wernher Von Braun, an affable, 39-year-old German who speaks fluent English. Von Braun, now a consultant on the Army's guided missiles project at Huntsville, Ala., is such a pleasant guy that you sometimes forget he was the man who perfected the V-2 rocket that devastated London in 1944.

"Clearing those last 100 miles is a cinch," Von Braun said briskly. "The WAC Corporal is a two-stage rocket, a V-2 with a booster. All we need is a three-stage rocket. Sure, there are a lot of bugs, but give us the dough and we'll get rid of them."

Von Braun even had the blueprints for his proposed three-stage rocket. It is 200 feet long, 65 feet in diameter and has an over-all weight of 6,400 tons. In the first stage the rocket, fueled by a mixture of alcohol and liquid oxygen, climbs 1.4 miles per second to 40 miles, where the second stage takes over at 3.7 m.p.s. for another 60 miles. The third stage then goes to work at 5.3 m.p.s. Exactly 59 minutes after



the take-off, the rocket is in free flight, needs no more power to continue at its speed indefinitely. The motor is cut off at that precise point where centrifugal force counterbalances earth's gravity so that the rocket can circle the earth as a satellite, serving as an assembly station and springboard for leaps into outer space.

THE high-domed crowd made it clear enough to me last fall in words of one syllable, but it's easy to hoodwink a scientific ignoramus. How valid are their theories? On the last leg of the trip home, made by train from Washington to New York, I saw Dr. J. Robert Oppenheimer, wartime director of the Los Alamos atomic laboratory. I asked what he made of this heady interplanetary business. Oppenheimer is not one of the wild-blue-yonder boys, but as an outstanding physicist he is thoroughly conversant with their abstract trade talk.

"There is no physical law that makes trips into space impractical, or even very difficult, to achieve," Oppenheimer said. "It can be done if we want to put as much money into the scheme as we spent on the atomic bomb. The unknown always is fascinating, of course, but what will the whole thing prove?"

It is a good question. Space specialists admit there are no new physical laws or elements to be discovered in the universe. Much speculation is centered on the cosmic ray, which never penetrates earth's thick layer of atmosphere in the pure state. Dr. Herman J. Muller, Nobel Prize winner, suspects the cosmic ray is the cause of cancer; others hope it can cure the disease. The most intriguing proposition—we'll return to it presently—finds all authorities in agreement. There is no possibility of human life, *as we know it*, elsewhere in our solar system.

On the positive side, there are two possible uses to be made of space ships. They can be unparalleled weather stations, although the service comes awfully high at \$2,000,000,000. The military believes space holds the key to our future security. A satellite space ship, circling earth every two hours, can be a perfect observation post and bombing platform in the event the Russians make the big move. You'll have to take the experts' word for this, but they claim

that magnification factors will enable us to see people walking on earth's surface and pinpoint military targets with missiles launched and guided from the satellite.

The most poetic—and perhaps the most appealing—reason for investigating the void is advanced by Dr. Joseph Kaplan of the University of California at Los Angeles. "When man ceases trying to explore the universe around him, he ceases trying to understand himself. The Lord has provided us with a magnificent laboratory. The proof that we alone have been endowed with the divine spark of human life in our solar system could start a great religious movement."

The conquest of space must be a gradual process. The first step will be a small satellite with instruments to report on the weather and the chemistry of the upper atmosphere. Then animals will be sent up to reveal the effects of cosmic and ultraviolet rays on living organisms. (The satellite will be brought back to earth by radar control.) It is interesting—and ironic—to note that a monkey, man's first cousin, went up 80 miles in a rocket at White Sands last summer. The animal survived the flight and the descent all right, but died four hours later. It succumbed to the heat of the New Mexico desert.

AFTER equipment and calculations have been checked, a large satellite that can serve as a filling station and workshop will be put up 350 miles above earth. Then will come the breathless moment in the great adventure. A rocket carrying men and equipment for a space ship will be sent into the satellite's orbit. Astronomers who compute eclipses of the sun and the courses of the stars with split-second accuracy say it will be easy to time the rocket's flight so that it can overtake the satellite. The rocket's passengers will tie up at the satellite and assemble a ship for a flight to the moon 250,000 miles away.

The round trip should take about 20 hours—the experts still are talking—since one burst of energy can achieve and maintain a speed of 25,000 miles an hour in the absence of gravity and air resistance. In fact, the ship will fly at a constant speed on one impetus until the end of eternity unless it collides with another heavenly body or gets

into its field of gravity. If you'll pardon a hopelessly archaic metaphor, though, all that is putting the cart before the horse. The trickiest, most uncertain factor in the exploration of space is man, not machines.

In the past, it was assumed that man could fly any machine designed by engineers. That assumption does not hold true for outer space. Man is about to leave the environment that has conditioned his body, his senses and his emotions for millions of years. In bypassing evolution and plunging boldly into entirely new, vastly different surroundings he will be exposed to physical and psychological strains he may not be able to endure. His transition will be as radical as that of the first fishes that crawled on land—only he will be making it in one-millionth the time.

THE fear of falling, for example, is one of man's strongest instincts. Babies are born with it; the fear remains with us throughout life and is so terrifying that it wakes us out of dreams in a cold sweat.

Dr. Heinz Haber of the Air Force's School of Aviation Medicine suspects that a gravity-free man hurtling through space may have the sensation of falling into a bottomless pit. In dreams, which last a fraction of a second, awakening is the escape from the terror. In a space ship, where the sensation will continue for days, the only escape may be insanity and merciful death.

Haber is not completely sold on his own theory because it is impossible to conduct experiments in a gravity-free laboratory. It may be that the space traveler will experience the exhilarating feeling reported by parachutists who have fallen many thousands of feet before hitting the silk. It should be remembered, however, that the parachutist can dispel possible panic by pulling the rip cord. A space traveler will not have that easy out.

The weightless, or gravity-free, conditions an earthling will encounter in space probably will not affect the functioning of his organs since man has his own built-in gravity system. His nervous system and his mind are the potential weak links. One thing is certain.

(Continued on page 88)

EDWARD WALTON



LAURENCE F. LEE, the new president of the Chamber of Commerce of the United States, is a strong-coffee and rare-meat man with personality to match; a product of the open-shirt frontier rather than the old tie; an American broth of stringy beef stock, peppered with New England caution and salted with Southern conservatism.

The metaphor does not commingle as smoothly as Lee—so tall that if he grows anymore he might fork again—and yet, in its way, it is his own brand, because he was born in the New Mexico of open range and open arms, polished at Yale. Then he reversed the tide and moved South to prove that a dry-land yucca can thrive in the moist clay of North Carolina and the sands of Florida, that a man still can stretch and grow, and run a business and raise a family and squeeze the last measure of enjoyment and accomplishment out of the 64 years that he has lived.

"I don't like raw onions, rattlesnakes and Socialism. . . ." He and Mrs. Lee were sitting on the lawn of their home in Jacksonville, Fla. She was smoking. He never does.

The lawn, the sprinklers whirling, flattened to the St. John's River and the conventional white house was not unlike its neighbors, and neither is Laurence or Eileen Lee. Her azaleas were gone for it was April, but the oleanders were in bloom and also her Kalanchoes, the succulent she rooted so many years ago and watched grow into many stems as has her family of three children and nine grandchildren.

A woman wise enough to know that she doesn't know everything, Mrs. Lee saw first to her husband's comforts: a sip of a mild toddy and an insistence that he wear his sports jacket against the nip of spring.

She looks exactly the role she chose—a wife, a mother and a grandmother, as tall as he but never as gregarious, a woman of mountain dignity whose tongue can coil around a word and snap it.

He, at six feet, looks the rancher that he is and, perhaps, the lawyer that he is also, but never the insurance executive that took him to the presidency of the Occidental and Peninsular life insurance companies and now to the presidency of the National Chamber, a spokesman for more than 1,300,000 businessmen, for 3,200 organization members and 21,000 firms, corporations and business houses.

It has been a long trail and few water holes from the ranch where he was born to the air-conditioned office in Washington; a long ride from his cow pony to his Cadillac. There still are a few saddle sores: a hand lost in an accident, the scars of a surgeon's knife around his shoulder, the rather sad memory of the frontier closed and a mountain man's nos-



JOE COVELLO—BLACK STAR

Cow Hand Who Rode East

By **JAMES STREET**

- Laurence F. Lee, rancher, lawyer, insurance executive, now heads the National Chamber

talgic loneliness for snow while sunning himself on his flat lawn in Florida.

"Uh huh. I'm scared of rattlesnakes. And cigars make me sick just to smell 'em. Got sick the first time I ever rode a subway and almost fainted. By George!" That is his frequent interjection although he is capable of a lusty western cuss if he's crowded. He tugged at his trousers made by Louis Gielitz of Albuquerque, N. M., whose tailor shop in 1913 made Lee's first custom suit when he went home from Yale with his LL.B. and as much gloss as New England could rub on a hunk of mountain rock.

"Just say I was born at a ranch on the Maxwell Land Grant in Colfax County, N. M. Those who know the West will get what you mean. Those who don't will never understand anyway. The expanse. The isolation. The hardships."

This is quite right, inasmuch as the Maxwell Grant roughly was the dimensions of Graustark at the height of its imperial expansion, if any, and survival was a matter of a horse, a gun and a jerk of beef. The year was 1888 and, on Nov. 16, Laurence Frederick Lee was born to Mr. and Mrs. Fred W. Lee without benefit of bassinet or Pabulum. A land and cattle to-do was seething on the grant and the climate was healthy, but not much else. Life really was worth more than a plugged nickel although there was no inflation in this commodity.

Four years later Fred Lee tugged up his roots and moved down to the Antelope Ranch as its manager. The Antelope, merely 40 miles long and 20 wide, had more fences than any ranch in the Territory of New Mexico and was only 56 miles from Albuquerque. There the boy's memory steadied into being and there his life really began. His first companions were children of Spanish-speaking parents and he learned their language as early as he learned English.

He still was so far from town, however, that a man grew a beard between his front door and a barber shop. There were no schools near the Ante-

lope and Fred Lee decided to move to town and give his son, Laurence, a better chance. It was quite a decision because ranching was the father's life and cattle were his love. But schooling was necessary if his son were to grow and, besides, the family promised increase, a thing that came about until there were four children: Laurence Frederick, Chester A., Floyd W., and Margaret; the last born in 1900. It was 1894, and Laurence was six, when his father moved into Albuquerque and became a fireman for the Atlantic & Pacific Railroad, now a part of the Santa Fe. Eventually he was to be an engineer. But that is another route, so let's get back to the main line which is Laurence.

The boy entered school and there in the process and progress of wrestle and tug and giggles he met Eileen McMillen, daughter of A. B. McMillen, a lawyer. The girl was born in Paulding, Ohio, and had moved to Albuquerque when she was two. Her father already was a man of influence.

The boyhood of Laurence Lee was the kind the romanticists goo about, the kind that Horatio Alger, Jr., wrote 1,000 times: hard work, industry, thrift, and the shy daughter of the community's judge. Make him a squire and let little Laurence stop the runaway horses and there's your Alger story. Only this one is true.

At the age of ten he was a newsboy but his first real job was selling soap, a luxury not unknown in New Mexico even among shepherders. An avid reader of *The Youth's Companion*, he saw an advertisement for a bicycle to be had by selling only 125 boxes of Buttermilk Soap, enough lather to cleanse every neck in the territory. Door to door he went—he was 11—until he sold the last box.

Most of the boys of those days yearned to be railroad engineers but he had no hankering for railroading. Even then he had one eye on Eileen McMillen and another on the mountains where an engineer could open the mines of Solomon if he had knowledge. Nevertheless, the boy railroaded, using

The Lees will close their home in Jacksonville, move into a hotel in Washington so that he can devote his time to his new job



JOE COVELLO—BLACK STAR

Laurence Lee travels a lot. The office is his point of departure

Ranch life has appealed to Lee since his boyhood in New Mexico



JOE COVELLO—BLACK STAR

his bicycle to "night call" for the Sante Fe, that is, round up the engine crews. He was 14.

Meanwhile, life had taken an ironical twist. He had spent his summers on nearby ranches and even had broken horses, including one that wiser heads shunned. A practical joker, an adult in years and obviously a dolt, gave him the chore of breaking a spoiled horse. Laurence blindfolded the animal and climbed aboard.

"He bucked like hell," Lee recalls.

He gripped his spurs to hold on, but a strap broke and he landed on his executive's essential. Then the horse jumped on him. "I had horseshoe marks on me for a long time. See this little scar on my chin? I'll never forget that horse."

The accident that, in a way, changed his life came when he was 13; the loss of his left hand. Many of his friends assume he is touchy about this, a sensitivity that really does not exist at all. He simply does not go around shouting about it.

It was the Fourth of July and there was a toy cannon and real powder, and then there was no hand, and a boy almost died.

But the Alger story went on into Chapter Two.

Besides being a call boy, he worked in a bookstore, and dreamed of being a mining engineer. This is in addition to attending Albuquerque High School where he played on the basketball team, managed the school paper, orated on all occasions, outgrew *The Youth's Companion* and "took" Eileen McMillen to dances.

While a senior in high school, he worked on a survey crew in the mountains and in 1907 was graduated from high school and entered the University of New Mexico. So did Eileen McMillen.

He began selling insurance for the Pacific Mutual, making the mining towns and earning enough to go on in college. A turn cruising timber for the

U. S. Forestry Service and busy days at the University of New Mexico, but lonely evenings because Eileen McMillen had gone east to Smith College.

About the only job he didn't do at the University of New Mexico was stoke the furnace. He played varsity basketball and managed the football team, sold insurance, won an oratorical contest and then, as youth will, shifted his field and decided to go to Yale and be a lawyer. Her father was a lawyer and Yale wasn't too far from Smith, almost next door by Western standards.

"I wanted to see my girl," he said. That is enough explanation for Yale.

He got his B.A. from New Mexico and lit a shuck for New Haven, a raw mountain boy of 22 with matrimony on his mind. Yale changed him. The knobs were rubbed smooth and the brain sharpened. Came the realization that the world was much larger even than the Maxwell Land Grant. He still sold insurance on the side and visited Smith College and Eileen McMillen every time he got a few bucks ahead.

In 1912 he was admitted to the New Mexico bar although he did not finish Yale until 1913. That summer he began his practice. Then he proposed and he and Eileen McMillen were married in 1914. The Alger boy had won the squire's daughter.

His first desk and chair cost him \$13 and he made \$113 the first month he practiced. His first client was a carnival worker who retained him to attach a boa constrictor. The worker had wages coming. The snake was worth \$600. Lawyer Lee settled, and the other lawyers looked out of the corners of their eyes and grinned, but Judge McMillen, his father-in-law, sort of frowned. The young snapper was coming mighty fast. He might get uppity.

Then he was put through the bill-collecting routine and given accounts (Continued on page 68)



Here comes

THE most interesting new development in wedding practices and procedures, noticeable for the first time this nuptial season, does not concern the bride at all but her father.

Until this year, he had remained the victim of much gentle joshing and the subject of not a few books, plays and humorous monographs that have held him up to public scorn as the one concerned in any high-collar wedding who is allowed most to pay and least to say. Naturally, he has screamed a lot about the high cost of weddings, but until now, Mama has generally managed to confine these outbursts to the privacy of their bedroom, which is her home ground where she wins most arguments. As far as the world knew, Papa just loved to spend \$5,000 to get Daughter married.

But, goaded by taxes and buffeted by the high cost of living, Papa has at last brought more into public his objections to spending everything he has on gowns, flowers, music, food and champagne. Papa has even invaded fitting rooms of bridal salons, where the important equipment for Daughter's wedding has generally been selected with great attention to outdoing all other local weddings in his family's social stratum and with almost no regard for expense.

Mrs. Wilma Allen, director of the bridal department at Jay Thorpe, Inc., of Fifty-seventh Street, New York, was observing recently that, during her more than 20 years in the business, this is the first season Papas are showing up at her salon before

the Bite

RUFUS JARMAN has found that while Papa may fuss over the cost of Daughter's wedding, it's one bill he doesn't mind footing.

approving purchase of wedding gowns costing \$300 and more.

"This indicates," Mrs. Allen says, "that Papa is starting to get wise to what happens to him financially when Daughter gets married. But, so far, this awareness hasn't helped him a lot in cutting down the expense. In fact, to the contrary.

"When he comes to the salon, Papa is further off his home base than ever. He is confused and frightened by the fluffy atmosphere and by all those strange women rushing about. He is usually licked before he can fire a shot. Furthermore, Papa is more sentimental, particularly where Daughter is concerned, than Mama ever hoped to be. So, he often winds up buying an even more expensive gown than Mama and Daughter had selected.

"In the few cases where Papa remains firm and holds out for something more reasonable, Mama immediately will begin figuring how to get the same outfits anyway for Daughter, herself and often the bridesmaids without Papa realizing what is happening. This is sometimes arranged by apportioning the wedding expenses over months and years so that he keeps paying for the big occasion a long time after, thinking his money is going for Christmas presents and clothes for the family. Papa, the poor sap, can't win in a wedding, anyway you look at it."

Mrs. Allen, who has supervised about 55,000 weddings over the past 22 years—including Rockefeller and du Pont nuptials— (Continued on page 72)



Cornelia's Crowning Jewels

By GERALD MOVIOUS



NATION'S BUSINESS SHORT STORY OF THE MONTH



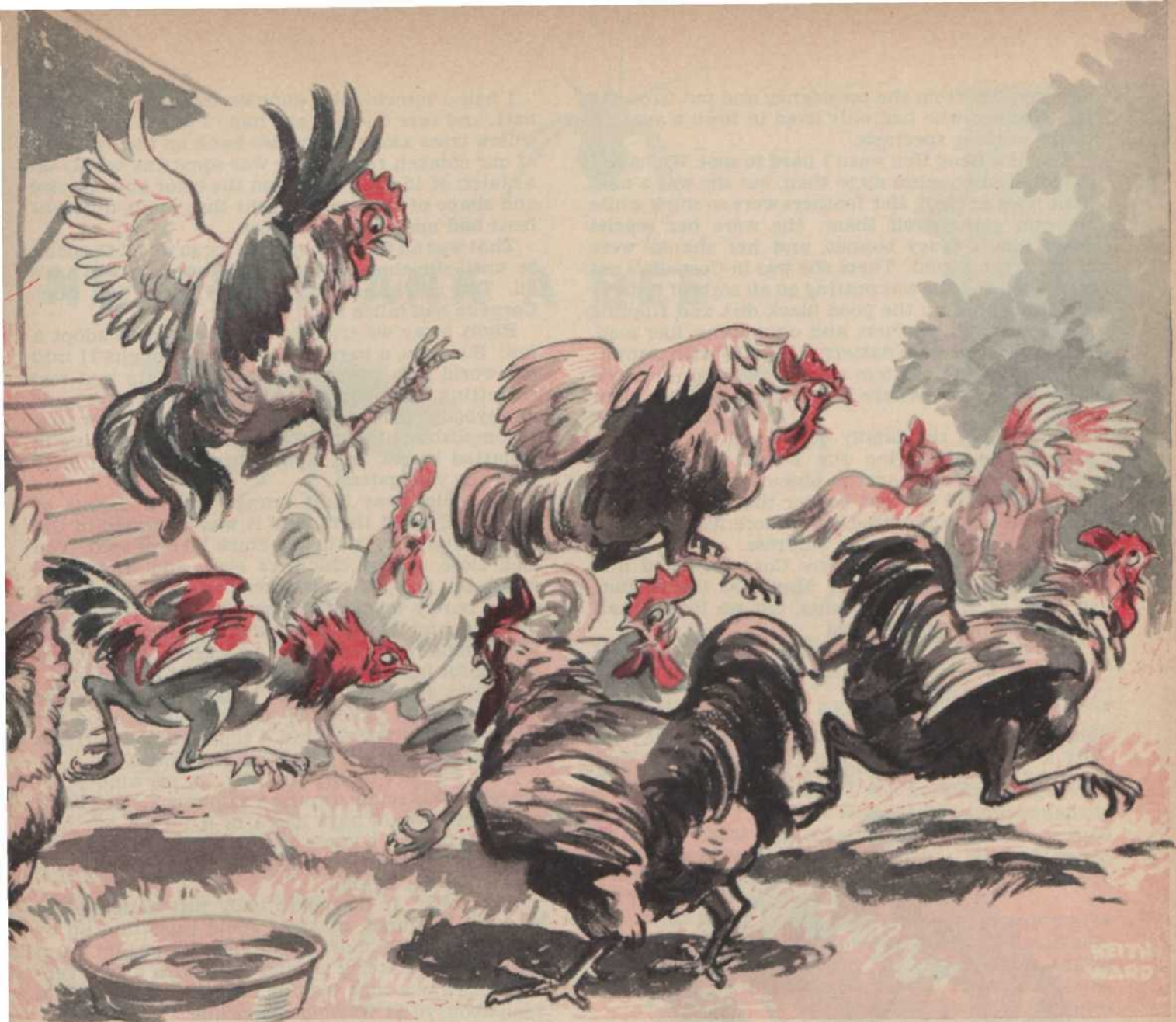
YOU KNOW what I'm going to do when I retire to that little place in the country—because it's the same thing you're going to do. You and I and a million other would-be fugitives from city living. We're going to keep a few chickens.

Me, I'm going to keep scrub chickens: a roost full of mixed breeds and no blood lines. I bow to the Chicken of Tomorrow and to the business methods that have made the hen a multibillion dollar industry, but I claim the sass and gumption have been exploited out of her.

Give me the Chicken of Yesterday, and let the profits go. What I lose on the ledger, I'll make up in the gusto of living.

For the scrubs I have known were as gay and glittering a gang of rakehells and trollops as ever crowed and cackled in the dawn, and our chicken coop seethed continually with social high jinks and emotional shenanigans. Scrubs are gorgeous entertainment.

No two of our feathered Fancy Dans, Good Time Charlies, Diamond Lils and Yukon Lulus looked alike or behaved alike. Our roosters were gawdy as gallants of the regency, while some of their mistresses and concubines had an interesting habit of



In a wild flurry of panic, the gallants of our flock took to the bushes

changing color schemes between molts. Our cockerels wore off their fat in affairs of honor and occasional battles royal when they weren't mincing around for the admiration of the pullets. The bickerings and amours began at sunup and except for an hour or two in the dustbaths went on until dark. We figured that in previous incarnations our birds were prototypes for characters in Dumas novels. Mettlesome, conniving personalities, all of them.

Like Cornelia, for example.

Cornelia was that rare type of female who combines the attributes of model homemaker and the Big Clubwoman. She was a prodigious layer, and so devoted to her annual brood of chicks that we named her for the Roman lady who said her children were her jewels.

And on the social side, Cornelia had been Head Hen in our chicken run almost from the day she feathered out. That meant she could peck any other hen without being pecked back; she had a standing reservation on the best dustbath underneath the gooseberry bushes; nobody dared to steal her worm, and when she wanted room at the feed hoppers, the other hens practically fell over each other making curtsies to her.

I don't know exactly how she got the Head Hen job, but of course we couldn't see her through the eyes of other chickens. She was a frump for looks. We saw a low-slung, bosomy old bird done up in faded lavender. Part Dorking, maybe, part Plymouth Rock with perhaps a touch of Cochin. She got the go-by from the roosters, and even doddering old Attila who had passed the age of being fussy in his female company didn't have a leer to waste on her.

Mother said Cornelia was a classic case of how one person with her mind made up can boss the works.

Cornelia had about everything in the way of social and political stature that any hen could want, so when she lost her throne in a backyard revolution one day it was the worst thing that could happen to a chicken this side of the chopping block.

I caught her flouncing around in the coop all by herself and making noises like somebody trying to relive an argument and saying things she wished she'd thought of saying when the scrap was going on. All she needed was a wet wad of handkerchief in one claw to look exactly like Old Lady Hathaway when the Civic Improvement and Study Club

bounced her from the presidency and put in young Mrs. Tanner who had only lived in town a year. A heart-rending spectacle.

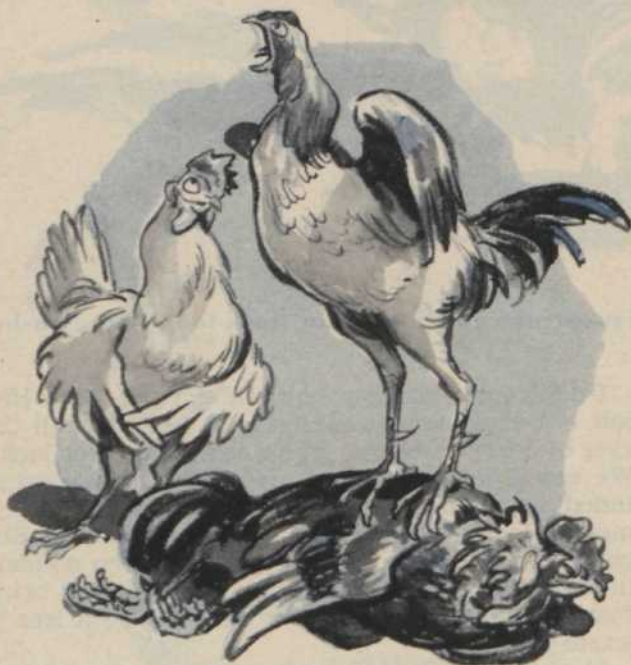
The new Head Hen wasn't hard to spot. We hadn't paid her much mind up to then, but she was a neat little trick at that. Her feathers were so shiny white the sun glanced off them; she wore her scarlet comb like a saucy bonnet, and her shanks were clean, creamy gold. There she was in Cornelia's pet dustbath, and she was putting on all sorts of fluttery airs, churning up the good black dirt and rippling it through her feathers and chirruping like mad. The other hens were flattering her silly with compliments, and the roosters stood around as if they'd been bewitched. Where had this lass been all their lives?

When I got the family out to see the show we named her Catherine the Great, for she had emerged from comparative obscurity to latch on to the crown, and she was bossier than Cornelia had ever been and a hundred times more flirty. A dead ringer for the old Russian empress.

Goodness only knew where Cornelia fitted into the social scale any more. Maybe at the bottom, stripped of all pecking rights, but we took it half seriously when Mother said:

"Cornelia has a good mind. A fine mind. I shouldn't be surprised if she figured out a way to rule the roost again."

Now if some outsider had heard us talking and knew it was about a hen, he'd have thought we were shy a few buttons. We knew perfectly well that there's nothing quite so feather-headed as a



Lord Jim sounded the cry of the kill

chicken, except perhaps a turkey. We just got a kick out of pretending that our birds had human traits, and generally it seemed as if they did.

Meanwhile, Cornelia presented an immediate problem. Our experience with dethroned Head Hens told us they weren't much use to themselves or anybody else; usually they quit laying and went off their feed and straight into a genteel but fatal decline. So we began to think of Cornelia in terms of dumplings and gravy with baking powder biscuits on the side, when all of a sudden she saved her neck by disappearing.

I had a hunch she'd gone broody and stolen her nest, and sure enough, she had. I found her in the willow trees along the coulee bank on the outskirts of our chicken range. She was squatting testily on a clutch of 15 eggs, and from the color and the size and shape of those eggs about that many different hens had made deposits there.

That was all to the good with us, so we let Cornelia be until she clucked home with two chicks. That's all. Two chicks out of 15 eggs. For the first time, Cornelia had failed to fill her flush.

Right away we tried to get Cornelia to adopt a few. Suzanne, a part Minorca, had brought 11 into the world in a rare burst of domesticity and was regretting it already, but Cornelia would have none of anybody else's brats. So in deference to her past accomplishments, we set her up in housekeeping in a slatted barrel, and right away she started in to spoil the youngsters.

One chick was light orange with a dapple of brown here and there, and it was possessed of the meanest pair of eyes in any chick I'd ever seen. You look close at any chicken's eyes, and they're all mean, but this little customer had eyes as mean as sin. I barely touched it when it wasn't over three days old, and its tiny wings went up like old Attila's when some young sprout of a cockerel began acting too big for his spurs. It took a peck at my thumb.

A quick suspicion hit me. Jiggs Loessner's game birds got loose sometimes and roamed around the edges of our property, and it could just be Cornelia had hatched herself a fighting cock for a son.

If so, I wasn't telling anybody, for my nine-year-old heart was set on owning a game cock, but I knew the family would have had a fit if I'd got one in a trade. After all, a game cock in a flock of barnyard fowls is the rough equivalent of a timber wolf in a cocker spaniel kennel.

But, golly! If Cornelia's baby just happened to be what I figured, maybe I could raise him up by hand and gentle most of the hell out of him. And then I'd go strutting around town with a swaggering little game cock tagging after me, like a kid I'd read about in *St. Nicholas* magazine.

The other chick didn't interest me too much—at first. It was plain palish yellow, and just another chick until they both began to feather out. And then I knew I had my game cockerel for sure—and for a sister he had a little pullet that was a dead ringer for Catherine the Great, the new Head Hen.

Mother wasn't too much up on spotting game birds, thank goodness, but she took note of something funny about Cornelia's little family. Every day, those two chicks mixed it up in a sparring match while Cornelia stood by and clucked admiringly, never interfering no matter how rough the scuffle got. You don't often see this in a pullet, so we named her Calamity Jane, and I named my game bird Lord Jim.

As he grew up, he was a stunner. His head and neck plumage was orange; his wing bows were red; his saddle light orange, and the rest of him mostly white, with a little bay speckled here and there and a sheaf of brilliant green-black feathers in his tail.

He walked with the strut of a musketeer, and the first time he tried to crow, you got the idea he threw his cape over his shoulder and laid one claw on his rapier. His spurs were rapidly approaching the length and sharpness of two small daggers, but you never saw a gentler little rooster.

I'd fooled with him so much he heeled like a well trained pup, and up to the time he was five months old and Calamity Jane. (Continued on page 56)



NEVER SPANK A BEE



By JOHN O'REILLY

WHEN Americans take to the outdoors this summer, whether to go fishing, camping, golfing, touring or just to sit in an easy chair on the front lawn, the battle of the bugs will be rejoined. This ancient struggle between man and insects that bite, sting, smell bad or just annoy people by buzzing is far from won. Man has improved his ammunition in the form of modern insecticides which hold a good many at bay. But the bugs are still in there biting.

Dr. C. H. Curran, curator of insects and spiders at the American Museum of Natural History, who has done a great deal of scientific work in protecting man from his insect enemies, says that the battle never will be won. Insects, he says, will be around just as long as man—and probably after.

"It is neither possible nor practical to blanket the earth with insecticide," he said. "And no matter how intensive a campaign is carried on against any particularly noxious species some of them are missed and they generally stage a comeback."

This does not mean that man should give up. Nowadays he can enjoy the outdoors in comfort if he uses modern repellents and also uses his head. The repellents are good against mosquitoes, flies and other small troops of the insect legions, but if you anger a bumblebee or stir up a nest of wasps, the chances are that you will get stung. This is where the use of your head comes in. Dr. Curran has some common sense rules for conducting yourself in the presence of insects, angry ones or just peaceful buzzers.

For example, one of the most

dangerous situations occurs when a bumblebee or wasp flies into your car. This upsets the bumblebee. It also may result in upsetting the car. Dr. Curran says that, if a bee or wasp enters your car, the sensible thing to do is to pull off the highway, stop, open the doors and let the insect go on its way.

Dr. Curran feels strongly about this because years ago he was driving a Model T Ford when a bumblebee came up through the slot in the floor for the hand brake and started up his leg. Before the incident was over the bumblebee had stung him three times and the car was off the road.

Every family has its quota of anecdotes about the time when brother Ned or Aunt Lizzie had that awful time with some insect or other. I know a man who likes to tell about the time he and his wife were in a cabin on a vacation in Texas when she suddenly started screaming and doing a wild dance on one foot. When quiet was finally restored it developed that the stocking she had just pulled onto her leg had been occupied by a scorpion. She also got bitten three times before she could get the stocking off.

For some strange reason an insect sting is funny to everybody except the stinger. When the victim suddenly leaps into the air and lets out a wild yell everybody else laughs. Even while they are avowing sympathy they keep on laughing.

Sometimes, however, it is no laughing matter. The stings and bites of insects have greatly varying effects on different people. Some persons can be stung by a

wasp and endure only a few minutes of smarting pain. Others are so allergic to the venom that they swell up and suffer for a long time. Those people least affected have a tendency to ridicule those who display fear of insects.

Once I was walking along a trail with a Wall Street businessman. As we entered some woods he turned quickly and fled. When I called after him he shouted, "There're mosquitoes in there."


"You don't mean to say you're afraid of a mosquito?" I said sarcastically. I learned later that I had been unfair. That man is unusually sensitive to mosquito bites and suffers intensely from welts and fever when he is bitten.

This summer, as every summer, man will be pestered by a wide variety of insects ranging from punkies, or no-see-ums, which are so small they can go right through a screen, on up through flies that bite, flies that buzz and tickle, bees, wasps and that veritable dive bomber of the insect world, the European hornet.

Some kinds of insects are found throughout the country but each region has a few special nuisance numbers. In the more arid sections, scorpions are a menace. The chigger, or red bug, is rampant in the South. The black fly, with its sharp and sudden bite, is typical of the North. The Rocky Mountain region has its biting snipe fly. Everywhere you will find some insect of which the local residents are not particularly proud.

Scientists divide insects into hundreds of families, thousands of genera and hundreds of thousands of species. Insects are by far the

PHOTOS BY ROSS MADDEN, ARTHUR PARSONS, AND WERNER WOLFF FROM BLACK STAR; AND AMERICAN MUSEUM OF NATURAL HISTORY



most numerous creatures on earth and each year entomologists describe and name more and more. They do the same with spiders and their kin which

are not insects at all. But we can just lump them all together and call them bugs. For our purposes the bugs that cause us trouble in summer can be divided into four groups.

The first is the nuisance group which includes no-see-ums, gnats, mosquitoes, flies and ants. As a rule their strength lies in numbers, although a single biting fly can make the hostess at a garden party lose her dignity. The fight against this group has been a long one. Great strides have been made with the advent of DDT and other insecticides using a chlorinated hydrocarbon as a base.

Dr. Curran, who has been conducting experiments in the Palisades Interstate Park, which lies in the states of New York and New Jersey, now has children sleeping in camps in unscreened tents and they seldom are bitten by mosquitoes or bothered by flies. This involves such methods as saturating the tents and other equipment with the new insecticides.

But even this does not mean that the battle is won. Recently Dr. Curran and other scientists have found that flies and mosquitoes can build up a tolerance to some of the new insecticides and they have to keep changing the dose.

One of the toughest customers in the nuisance group is the old horsefly. He is the large-eyed, big gray fly that buzzes around you until he locates a choice spot on which to light and bite. Dr. Curran says that the best way to outwit the horsefly is to let him light on you and, when he gets settled and ready to bite, let him have it with the palm of your hand.

Hit hard, he says, because horseflies are rugged. The flaw in this method is that not everybody can tell just when a horsefly is ready to bite. I prefer to launch the counterattack while the enemy is still air-borne. If you swing at him long enough he'll finally give up and go away.

The second group in our own classification are the severe stingers and biters.

In this group are wasps, bees, bumblebees, hornets and a wide assortment of bugs that cause a sudden yell when they connect. The damage they administer ranges from nips and pinches to venomous stings which cause swelling and intense pain.

It is good practice to avoid all wasps, bees and hornets. Dr. Curran says that when you are out in the country it is well to keep an eye out for their nests. When their nests are disturbed, they come



storming out. If you are still in the vicinity they will gang up on you. If you happen to bump into a nest Dr. Curran says the best thing is to run until the last maddened insect has given up the chase.

Then, he says, if you find yourself hurting and swelling in various places, it will ease the pain if you wet a handkerchief or rag with cold water and apply it to the swollen regions. If you are the type who suffers badly from insect bites, get a doctor. Multiple bee and wasp stings can be dangerous.

This group also includes some extremely painful subjects. One of the worst is the wheel bug. This curious insect is one of those known as true bugs. True bug or not, he is a thing to keep away from. The wheel bug varies from less than an inch to an inch and a half long. It is grayish black and has a small head. Its most distinguishing feature is a serrated ridge on its back which resembles half a wheel or a rooster's comb.

Luckily wheel bugs are not quick to attack and few persons are bitten by them. One bit Dr. Curran once and his arm swelled all the way to his shoulder. The effects of the bite lasted for three days. He says it was at least 25 times as painful as a bee sting.

Incidentally, it is true that when a honeybee stings you it usually loses its stinger and soon dies. This may be of some comfort to those who have had trouble with bees.

Another vicious member of this group is the European hornet which was imported into New York State many years ago and has

spread to surrounding states. The European hornet has the appearance of a very large wasp, brown and bright yellow in color. Sometimes it may be seen chewing the bark off lilac bushes to make its nest. Its sting is one of the worst of the wasp family.

We may as well put the stinkbug in this group, too. We have to put him somewhere. There are various kinds of stinkbugs and some smell worse than others. All of them are true bugs. Most of them are gray or brownish and are half an inch long or so. Anyone who has ever picked one up remembers the occasion. Their odor is foul and penetrating. Sometimes, perhaps, you have been picking raspberries when you found one that tasted bad and had a nasty smell. It was stinkbug work that caused it.

Many bugs have horrible reputations which they don't deserve. The whip scorpion is often depicted as a deadly creature whereas it really has no venom at all. If you mash one, however, it emits an odor of strong vinegar.

Old wives' tales are associated with all sorts of insects. Dragonflies, for example, are supposed to sew up your ears. There are stories about how tarantulas will leap at your throat and in the Southwest some persons believe that if a centipede walks down your arm the flesh will fall away. As a matter of fact the centipede is not as bad as lots of other insects and try to find somebody who has seen a tarantula stage a broad jump of more than a foot.

The late Bill Robinson, the great Negro tap dancer, once acquired a large tarantula on a trip through the Southwest. He was fascinated by the critter and carried it around with him as a sort of pet. His wife did not share his interest in their leggy traveling companion. Her protests became so insistent that Robinson finally presented his pet to the American Museum of Natural History. The scientists preserved the specimen and named it Bill Robinson, in honor of the donor.

The third group on our list includes those equipped with poison strong enough to cause death. There are only three species recognized as being fatal, although not invariably so. One of these is the black widow spider. The others are two species of scorpions which inhabit the Southwest, particularly Arizona.

Dr. Willis J. Gertsch, spider authority at the American Museum of Natural History, says that all of

(Continued on page 62)

When Workers Know Why



Economic schooling gives the worker the satisfaction of knowing that he is contributing something worth while

By **MERRYLE STANLEY RUKEYSER**

THREE MEN were doing precisely the same kind of work. The first said, "I am cutting stones." The second said, "I'm making building blocks." The third said, "I'm helping to build a cathedral."

Twenty years ago, most people would have accepted that story as further proof of the average workman's kinship to the ox. The modern interpretation is different.

If only one worker in three is getting from his job the human happiness that comes from a sense of participation in a worth-while project, today's consensus is that something is wrong with the boss.

According to the new view it is visionary to concentrate management's attention on details of technology while ignoring at the same time the erosion of fundamental rights through the circulation

of Marxian and Keynesian ideas.

So firmly has the new view taken hold that interest in economic education seems to be approaching the dimensions of a fad. As one observer remarked, hardly a trade association has met in the past six months without studying the field or acting to enter it.

Among the more ambitious projects are the nationwide American Institute of Banking, organized by bank employees, and the graduate schools for credit executives developed by the National Association of Credit Men in cooperation with Dartmouth College and Stanford University.

Besides, already one out of five of the larger companies is providing special economic training for employees, and another one in five is including economics as part of a

broader course. Moreover, among companies deemed in an advanced stage of public relations development, 57 per cent now offer regular economic training to employees and supervisors. Many also expand the effort to include stockholders, customers and the public generally.

This new attitude is particularly remarkable in a country where Frank A. Vanderlip, New York financier, called "economic illiteracy" society's hidden cancer. A recent study by the Brookings Institution showed that little had been done to curb this malignancy since Vanderlip diagnosed it some 40 years ago.

In its "Survey of Economic Education" Brookings disclosed that the schools are perpetuating economic ignorance in the oncoming generation. It found that only 3.7 per cent to five per cent of the 6,240,000 pupils in secondary or high schools are taught economics for as much as one term. In private business schools only 7.5 per cent of the students complete courses in economics and in colleges only 25 per cent of the 2,500,000 students take one or more economics courses.

Even those who get the training, Brookings suggests, are badly trained. The most common pedagogical mistake consists of assuming postgraduate prerogatives before mastering the ABC's. In addition, academic chatter as to whether ours is the best of all possible systems without first determining what makes our system tick encourages dilettantism. Brookings found also that "in none of the texts most widely used do we find a strong exposition of the virtues of free private enterprise. . . . (The texts) subtly condition the student to accept the thesis that the role of government over economic life must inevitably be progressively greater."

Accepting the Brookings findings as accurate, the citizens must share with the professors the blame for the conditions they reveal. Our economists have been plagued by a monumental public distaste for their work. The theorists' bias toward pessimism undoubtedly heightened this prejudice but, whatever the reason, the economist—in the lay mind—was a blue-nose, a viewer-with-alarm, a practitioner of a dismal science.

Today several coincident developments have united to overcome this feeling.

In the first place such trends as inflation, the sprawling of central government further into ever-vaster economic activities, politi-

cal support of strong labor unions, high taxation and intellectual instability in regard to workaday philosophy have belatedly made thoughtful men of management aware that the economic franchise of their company and of the enterprise system is at stake.

So long as the real bosses, the voters, are deluded by economic fantasies, no lasting improvement in the relationship between government and business can be achieved through a mere change of faces of officeholders. The new fashion is to talk over the shoulders of politicians to their constituents, who have the power to pull the strings—and one purpose of the educational drive is to make the public conscious of its latent power.

appreciative of the right to compete for favor in men's hearts and men's minds. The realization that lines of potential communication may not always remain open has hastened the current sweep of educational programs across the country. The practical effect is to induce executives to act now rather than to postpone making a decision.

The impact of high corporate taxes on net cost has also been a motivating influence. Any legitimate expense, which is deductible, such as education of employees on company time, can be financed up to 70 per cent in tax savings. That circumstance may contribute to making management amenable now to projects which perhaps

At any rate, such stability as we can achieve will be heightened by public understanding of prudent economic operating principles.

Obviously the time to sell the national success recipe is while it is delivering and while the man on the street can identify it with his own enjoyment of more and better goods.

Dr. Ludwig von Mises, perhaps the greatest living theoretical exponent of free enterprise, recently remarked that now is the time for laying the basis for mitigating the consequences of financial excesses.

Dr. Mises cautioned proponents of our competitive system to be forehanded in interpreting the shape of things to come.

Charging that the inflationists deny the true causes of slumps, Dr. Mises said, "As they see it, inherent shortcomings of the capitalist mode of production cause the periodical recurrence of bad business.

"The way people react to the letdown in business that will follow the end of the present armament boom may decide the fate of our civilization. People must learn to time just what the inevitable consequences of inflationary monetary and credit policies are. They must realize that the collapse of the artificial boom will show—not the insufficiency of capitalism, of private enterprise and of the market economy—but the viciousness of the methods of financing governmental expenditure."

PERHAPS instinctive recognition of the coming hazards which Dr. Mises illumines explains the new sense of urgency in regard to economic education. Economic illiteracy may indeed actually be substantially less than when Vanderbilt first referred to it, but the setting at home and abroad in which ignorance operates has changed.

So much for the quickened devotion of industry to better economic education largely in terms of demand for knowledge. Equally important, the tools for this education are more readily available.

For example, HOBSON—How Our Business System Operates—was developed in the E. I. du Pont de Nemours & Company for teaching its own employees through visual methods in give-and-take conferences. Soon General Electric Company used the teaching technique, and now it has been used by 338 companies. This is to be followed by another course dealing with inflation and the money and credit system, called "Your Money is What You Make It."

The United States Chamber of

The U. S. Chamber says: "There is no more important task than to help reindulcate the American ideal, to give the people a right understanding of the American System."

Added to this are two conditions that did not exist when Vanderbilt was viewing with alarm:

First, there is a public demand for this education.

Second, the tools of teaching are at hand.

The cynical view that ordinary humankind is devoid of intellectual curiosity is a monumental error. The nature of the mistake is demonstrable statistically in the circulation of serious books in the nation's libraries. Perhaps the underlying reality is revealed in the experience of Roy C. McKenna of Latrobe, Pa., president of the Gold Standard League. When he travels McKenna talks gold with taxi drivers and others. He told me that the typical cabby response is, "Mister, you're dead right, but you'll never be able to make it clear to the man on the street."

THE timing of the expanding new activity in economic education has been influenced by the fact that employers, who under the Wagner Act once lost the right of free expression in communications with employees, have had the privilege restored. Perhaps the intervening blackout made management more

otherwise might be done eventually.

The fact that Marxism is now behind the eight ball further encourages the distribution of facts about the American competitive system. The decline of Marxist prestige has come in part from the policy of the United States of fighting and containing Communism and from the demonstrated failure of Socialism to deliver in Great Britain, Australia, New Zealand and elsewhere.

As far as strife with Russia is involved, men cannot and will not effectively fight hot or cold wars without a burning ideal. It's not enough to be against something. This inevitably leads to curiosity as to what we are for. Industry, having demonstrated in recent years its creative ability to raise living standards and win wars, is in an excellent position to offer a circumstantial answer.

Public willingness to listen to management is greater during a period of high-level activity and employment than in interludes of momentary setback and fear. At times of distress, there's an appetite for panaceas rather than realities.

Ever try to find a CONVERSATION?

It's hard enough to remember what you said—what the other fellow said—in a talk just yesterday! In a week, memories get lost—figures confused—names and addresses foggy—instructions forgotten!



WESTERN UNION

Commerce has been active and has not only made available booklets and texts but also operating procedures. It has held seminars on explaining your business in various sections of the country. Arch N. Booth, executive vice president of the National Chamber, pointed out: "There is no more important task . . . than to help reinduct the American ideal, to give the American people a right understanding of the American System."

Numerous affiliated chambers have turned factories into laboratories to which educators and their students, clergymen, and other civic workers have been invited for inspection and discussion.

The Minneapolis Chamber of Commerce recently held its sixth annual Farm Economic Forum. To promote intergroup harmony, the Chamber presented, besides business and banking executives, spokesmen for other groups, including Walter P. Reuther, president, United Automobile Workers; Allan B. Kline, president, American Farm Bureau Federation; and several representatives of the United States Department of Agriculture.

EXECUTIVES of the Weirton Steel Company undertook another type of venture in adult culture when they founded, administered and supported a community lecture series known as the Steubenville Forum. The Forum presents music and lectures and is an effort to associate a symbol of civic usefulness with a dominant local business institution. Until recent years, the tendency among practical businessmen was to ignore forums, which, nevertheless, had a profound effect on opinion makers. As a result of such default, the lecture platform too often had an anti-business bias.

On the supply side of economic information, many other agencies are active. Of course, there is duplication and overlapping. As in the making of physical products, these new approaches to men's hearts and minds are in friendly competition with one another. Through experimentation, new and better approaches will be found. The important thing is to use the best tools available.

A useful factual evaluation of various educational techniques available to businessmen has been made by the Foremanship Foundation of Dayton under the title "Survey of Economic Education."

With a multiplicity of voices heard in this field, some wail about a contemporary Tower of Babel.

They urge that the economic story be standardized, but a competitive system lends itself to individualistic interpretation. It would be unbecoming to seek authoritarian unanimity in an antiauthoritarian, free-choice way of life.

Something should be said for achieving the orchestral effect of presenting with variations a theme based on economic freedom and self-determination.

Another thoughtless clamor is a demand for data and propaganda from business sources to offset pressures from business baiters. But such emotional material can prove a boomerang. Business is on stronger ground when it identifies itself with the public interest and sticks to independently verifiable realities. Back in 1938, in a brochure entitled "Sell the Business as Well as the Product," the writer urged more vivid expression of the business viewpoint in annual reports and otherwise and concluded: "Business would not have to gild the lily . . . for truth is much more favorable than current rumor."

It is good pedagogy in in-plant training to start with the familiar operations and trace them through sales, transportation, and retailing to their end purpose in gratifying other human beings.

MONOTONY on the assembly line too often results from failure to link tightening screws and riveting with helping fellow men. On one production line, a curious worker asked, "Where do these things go?" He got the unimaginative answer, "To the shipping room."

In a thoughtful critique of teaching in business, a brilliant grass roots academician, Paul M. Pitman, president of the College of Idaho, at Caldwell, recently told me: "It is tragic to note how many employees of private enterprise do not understand the true nature of their own employment. In part, this situation arises from the failure of management to do a good job of interpretation."

"I suspect that this inability to do a good job of interpretation fails for four (among other) important reasons.

"1. Some employers have not thought deeply enough about our free enterprise system. They defend it only as a matter of habit, as a kind of defense of the *status quo*. Such a defense may easily be interpreted as arising only out of self-interest.

"2. Many employers do not know 'what is on the worker's mind.' Consequently they fail to pitch

their interpretation in terms that he can hear and understand.

"3. Many businessmen use stereotypes and slogans which are too extreme. The company which carelessly identifies everything it dislikes as 'socialism' may find that such sweeping and indiscriminate condemnation has built a wall between itself and its own employees (and the general public). . . .

"4. Most important of all, this economic education comes too late. If we really want to do a job in this area, we must begin with children."

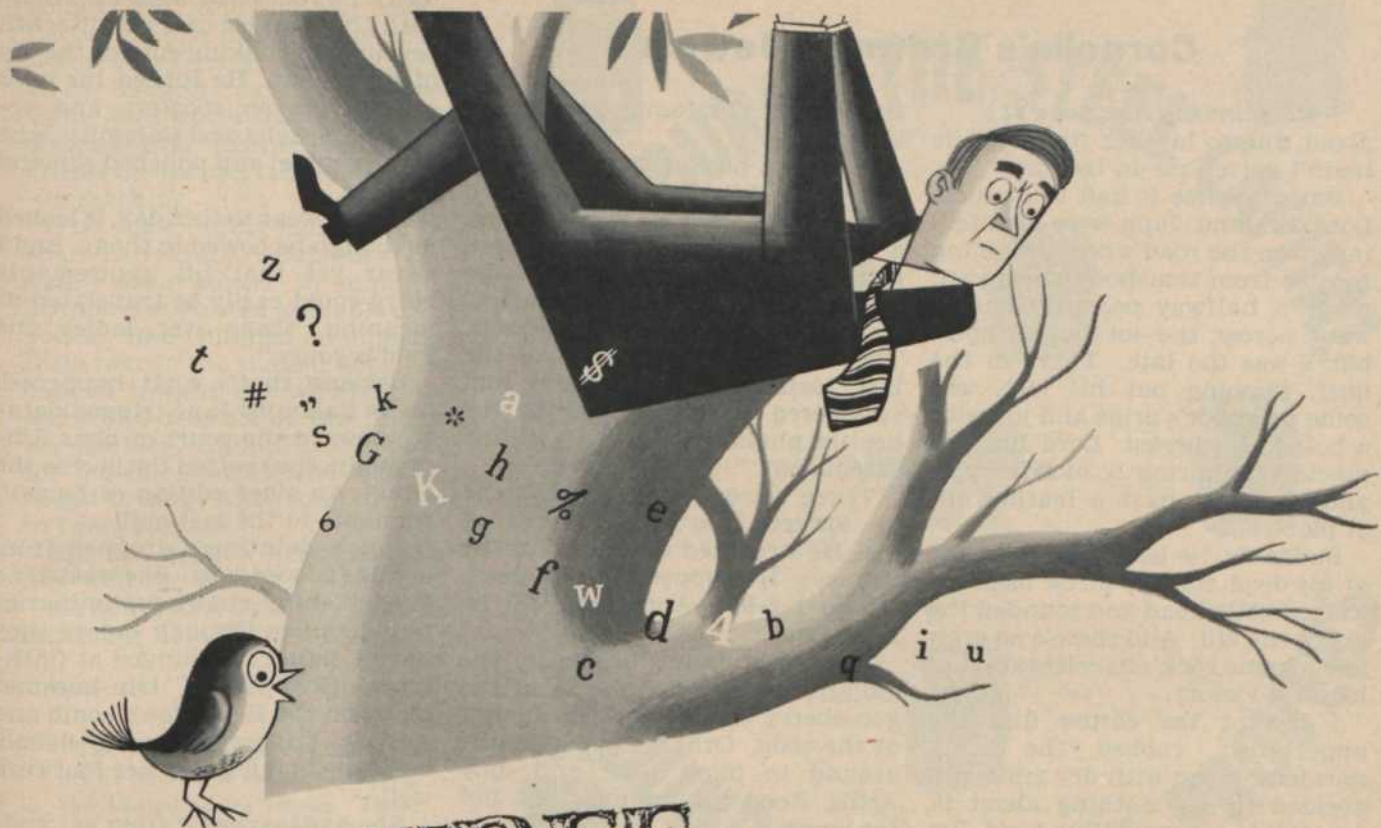
A cynic may ask, "Is anybody listening?" Wanting to know, practical executives have financed surveys measuring the impact of the new educational efforts on the consciousness of others.

WHAT is the verdict? The polls and opinion sampling indicate the new activities are bearing fruit. Dr. Claude Robinson of the Opinion Research Corporation of Princeton, N. J., says that 95 per cent of foremen in plants where employees were exposed to HOBSON asked for more, and that workers also expressed approval of genuine educational efforts by employers by votes of 83 per cent to 95 per cent in three test samplings.

A foreman in a steel company typically remarked: "The course made us feel that the company thinks of us as real people. I felt flattered that they thought enough of our opinions to pay us to sit around and discuss these problems."

If initial experiments in creating economic understanding have only moderate success, the mature reaction is not to scrap the effort, but to develop still better techniques for achieving the objective.

It's defeatist to say that the average man is bored with his own interests. To put a sound and lasting foundation under the enterprise system, it is absolutely necessary to lift the level of popular understanding and enthusiasm for the system. The only legitimate field for discussion is as to ways and means. Thus, if by way of illustration, academic clichés are tedious, then pictures and the comic strip technique may be indicated. One group of companies has presented economic ideas in the form of a drama. But, apart from method, the inescapable conclusion is that the safeguarding of the economic franchise of private enterprise in a self-governing republic depends on keeping the voters sold on the usefulness of the system, not only to society, but also to them as individuals.



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Cornelia's Crowning Jewels

(Continued from page 48)

about due to lay her first egg, he hadn't gotten me in trouble.

But of course it had to happen. Lord Jim and Jane were sauntering down the road when a roaming rooster from somebody else's yard made a halfway pass at Jane. I went across the lot lickety-split, but I was too late. There in the dust, flopping out his last, was some neighbor's pride and joy with a hole in his breast. Lord Jim was placidly admiring a bloody spur, and he didn't have a feather out of place.

Suddenly, he leaped on the back of his dead enemy, threw back his wicked little head and sounded the cry of the kill. And there's no crow like a game cock's in celebration of his first victory.

I heaved the corpse into the underbrush, rubbed the small murderer clean with dry grass and decided to say nothing about it, for awhile anyway. But Lord Jim had sampled the delights of battle, and he went looking for whatever trouble he could find or create.

Calamity Jane was his bait, and I think she reveled in her role. She'd flash her charms on some silly Lothario, and then watch with interest and enchantment as Jim defended her honor and dispatched the masher with the ease and precision of a matador.

If this kept up, the neighbors would be down on us for sure, so it meant putting Cornelia and her mismatched twins in with our penned chickens, and that was a tough decision for me to make. What would Jim do to our own roosters?

So I was all jitters when I got around to the job. For a moment, nothing happened. A dead silence always ensues for a minute or two when you put new birds in with a flock.

Then our hens let out a few throaty murmurs, and our roosters stiffened to attention and walked stiff-legged, like dogs working around to an argument. I could see Catherine the Great marshaling her ladies-in-waiting and snapping out a few quick orders. Her neck was stretched high, and she was tiptoeing forward to see what this intrusion in her realm was all about.

But of course with Lord Jim there, it was a rooster's show first, and Cornelia and Calamity Jane stood by with demure airs and let

the man of the family handle the situation.

He didn't hesitate a second. The little imp of Satan who had taken a peck at me when he was less than a week old was equally unflustered at this crisis in his life. With the coolest impudence, he sharpened his beak on a convenient pebble. Then he shook himself until the last feather was in groom and swaggered arrogantly toward the hostile phalanx our roosters had assembled.

Three yards away from them, he lowered that killer head of his. He stretched his wings for the pounce. He ripped out a sharp "Qui-r-r-r-k!" And that's all he had to do.

In a wild flurry of panic, the gallants of our flock took to the gooseberry bushes and the shelter of the coop. Others flopped madly around in blind fear, and only Attila stood his ground. But not for long.

Lord Jim raked him across the side of the head; the blood oozed, and our local champion fled. In one stroke, my Lord Jim was cock of the walk.

I was all tied up in knots for fear he'd go into the coop and slaughter right and left, but he did no such

thing. He cleaned his beak fastidiously. He ruffled his breast feathers with the manner of an eighteenth century fop making sure of the lay of his cravat. He turned his back on the craven roosters and rejoined Cornelia and Calamity Jane—the genteel and polished son and brother.

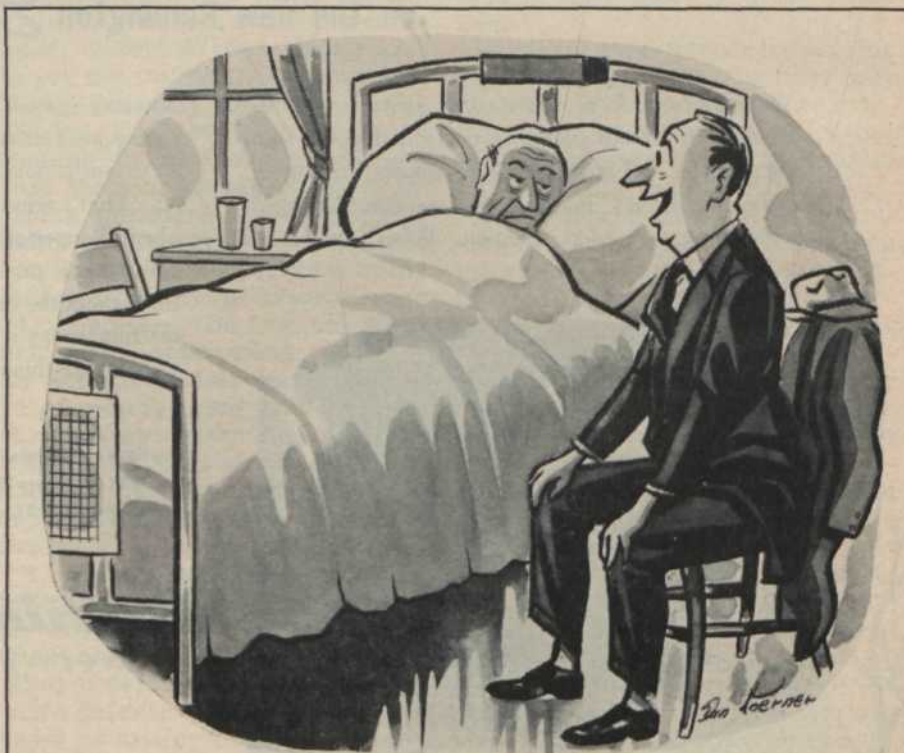
And I swear to this day, it looked as though he bowed to them. And I swear yet that his gentlemanly chirp could easily be translated as meaning, "Take over, ladies, the field is yours."

Because that's what happened. Little Calamity Jane tripped daintily toward the court of hens. Unerringly, she spotted Catherine the Great, an older edition of herself, complete to the last quill.

Jane's daintiness dropped from her like a loose cape. She wasted no time in shilly-shally preliminaries that hens go through before they have a fight. She lunged at Catherine. She rained trip-hammer blows on the Head Hen's comb and wattles. Catherine was no slouch, but Jane had learned her footwork well.

She had learned it from her endless shadowboxing with my Lord Jim, and now her practice was paying off.

The No. 2 Hen leaped in to help her reigning queen, but Jane caught her with a glancing blow from a toughened wing joint and sent her reeling sideways. She put



"We were drawing for vacations at the office, Fred. . . . You're having yours"

the No. 3 Hen to flight with a gouged eye. And she was back at Catherine in a flashing moment.

For every trick that Catherine knew, Calamity Jane had a dozen. Game bird tricks that no ordinary chicken ever heard about—and Catherine turned tail and lammed—screeching.

The whole affair had taken less than 15 minutes. Calamity Jane didn't even bother to inquire if anyone else wanted a sample of her poison. She switched an impudent little rear to the shaken flock. She danced toward the watering pan and took a deep drink. She preened her hackles, examined her shanks for possible bruises and suddenly began to sing—that song of a hen in sweet content.

She was the new Head Hen—and how well she knew it.

An hour later, Calamity Jane was lathering herself in the dustbath

"The American way of life is a set of ideas and values for which the United States stands. These values include the right to opportunity and work, to education, freedom, property, orderly justice and security; the value of individuality against the state."

—Edward L. Bernays

that our Head Hens had always favored. Calm and collected. That was the phrase for Jane. Self-assured and certainly smug if not plain domineering.

Lord Jim stood nearby—the perfect picture of a feudal knight who had laid his lance aside. He was the chivalrous victor; the warrior who doubles in brass as the court chamberlain. And the poultry yard hummed about its business with a sure sense of direction that it hadn't known since the reign of Cornelia.

And there was Cornelia, cozily nuzzled against Calamity Jane in the dustbath. Dowdy, blowzy old Cornelia, sublime satisfaction oozing from every lavender fluff.

She was a dowager queen. Or the queen mother. Call it anything. But Cornelia had won out. She had returned to power through her daughter, and her position was both eminent and secure.

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STAG CLUB— WITH orchids

ONE of Los Angeles' leading bankers took great joy in growing prize-winning camellias. But when invited to join the Men's Garden Club, he said tolerantly, "Garden Club? No thanks, that's for the ladies."

He was practically dragged to a meeting by a friend—and was surprised to find as members many of his clients and associates.

"Never dreamed all you men were interested in gardening," he grinned, as he wrote a check for his dues. "Furthermore, I learned a lot of things about camellias today I never knew before."

Garden clubs have existed ever since Adam and Eve became interested in fig leaves. But the Men's Garden Club of Los Angeles—only two years old this summer—is already one of the liveliest and most unusual in the United States. Its membership includes 100 of the city's top business and professional men—chosen on the basis of good fellowship as well as an interest in gardening. They pay dues of \$76 a year, meet at the swank California Club once a month and talk about some of the finest gardens in the world—their own.

The five purposes of the club are stated in the bylaws:

1, The promotion of the full appreciation of gardens; 2, the cultivation of higher ideals among garden devotees; 3, the adoption of higher garden standards in the city of Los Angeles and its neighboring communities; 4, the development of the love of growing plants in the

hearts of children, particularly those whose opportunities are restricted; and 5, the development, promotion and completion of enduring friendships, civic activities and a general interest in individual or private gardens, community planting and parks.

The club has such a hold on the loyalty of its members that it has the highest average attendance of any luncheon group in the city. One member flew back from South America just to be present; another delayed a business trip to New York in order to attend. Some members boast a 100 per cent attendance record since the organization was founded.

Nobody likes to miss a meeting because of the beautiful table settings, said to be unequaled anywhere in the world. One display last fall, for example, was devoted to orchids and cymbidiums—more than 2,000 separate blossoms in a rainbow of color—made up into "flower trees." Another featured 3,000 perfume-laden carnations of all the newer shades—lavender, yellow, deep red—grown on the Goleta ranch of garden clubber Samuel Mosher, president of the Signal Oil and Gas Company.

The decorations are prepared by Oliver Bente, a Los Angeles florist, and Marie Myers, his assistant. Wives are not allowed to join, but many of them visit the Sunset Room in the California Club before or after meetings to observe the table settings.

"With me it's self-protection,"

said one wife. "I know my husband will rave about the table decorations for days afterward."

Outstanding flower growers and horticultural experts are invited to address the meetings. At one session, a commercial orchid grower, famous for his colorful hybrids and new species, apologized for his talk in advance, saying that he feared it might be too technical.

"By the way," he inquired, "how many of you have ever grown orchids?"

Almost every hand in the room shot up.

The club first took shape in the minds of three garden lovers in the fall of 1948. They were Charles Jones, president of the Richfield Oil Corporation; Alfred Wright, an attorney, and Roy Wilcox of the Wilcox Nurseries. Later discussions included Ray Thomas, retired businessman; Manfred Meyberg, president of the Germain Seed Company; Dr. Samuel Ayres, Jr., manager of the Los Angeles Arboretum; Lyman McFie, stockbroker; Lovell Swisher and I. O. Levy, insurance brokers.

The club was launched in June, 1950, and 38 of the 42 who attended the first meeting promptly joined. The word soon got around, and others were invited to complete the membership of 100.

On the application submitted by one member, his wife wrote at the bottom:

"This is Fred's kind of club. He'd rather talk flowers than eat—now he can do both."

Unlike most such groups, the club does not hold competitions or give prizes.

"How can you decide which of many gardens is 'best,'" asks Jones, "when each is different and each a superb example of excellence in its own right?"

For instance, the West Los Angeles estate of Manfred Meyberg each spring becomes a tourist attraction. Beneath the orange trees in front of his home he plants from 15,000 to 20,000 bulbs imported from Holland—crocuses, scillas, tulips and Spanish iris. From

March to May his grounds are a paint-pot of gorgeous colors.

Lyman McFie, who lives near the Pacific Ocean at Palos Verdes Estates, is one of America's outstanding orchid growers. He specializes in cypripediums—those big brown-and-yellow and green-and-white specimens that make spectacular corsages. Al C. Davidson, stationery and stamp executive, is another orchid expert, specializing in cymbidiums. His hillside garden features orchids in baskets hanging from the limbs of trees.

Lovell Swisher maintains a small-scale botanical garden in his Hollywood home and has stocked it with rare specimens from all parts of the world, demonstrating what plants can be grown in Southern California. Twenty years ago he was the first horticulturist to hand-pollinate and collect the seed of the unique *Strelitzia reginae* or Bird of Paradise flower.

And so it goes. Jones, club president, is an outstanding camellia fancier and his Flintridge estate is a forest of blossoms. Sherman Shumway, using palms, ferns, orchids and other tropicals, has made a tropical island out of his Bel Air home. Alfred Wright has mastered the tricky business of espaliering fruit trees, and his ingenious patterns with living branches are known throughout the West.

Some of the gardens are small to medium-sized; others, on large estates, range over several acres and require the care of a full-time gardener. But on week ends, most members don overalls to spade, irrigate and spread fertilizer themselves.

Although still young, the organization is making its influence felt. One of its lawyer members helped to write a city ordinance that would prohibit the erection of unsightly billboards along Los Angeles' new high-speed freeways. The club has passed a resolution to make the *Strelitzia reginae* the official flower of Southern California. Members are supporting a move to discover flowering trees and shrubs in semitropical countries which would be suitable for planting on the West Coast.

The bylaws are written in stiff, lawyer-proof prose. But the spirit of the membership is exemplified by the wisdom of an unknown philosopher who once said:

"If you would be happy for three hours, get drunk. If you would be happy for three weeks, get married. But if you would be happy for your whole life long, become a gardener."

—ANDREW HAMILTON

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Chicago Prevue

(Continued from page 33)

their lucky room) with a secretary from Washington and a stenographer from Chicago. Requests for hotel space started inundating him before he and the hotels sat down to work out rates and availability of rooms. To keep him busy, the radio, TV, newsreel and newspaper people come out to Chicago to tell him how much space they must have at the hotel and the hall. He tells them how much they can have.

He then sits down with architects and decorators to draw plans for hall arrangements. He talks things over with the chief of police and persuades a large motor company to lend him 150 cars for his motor pool. He has to dig up another 50 elsewhere.

Hotel space is the first big headache. The hotels agree not to raise their rates and Roach agrees to guarantee five days' occupancy by delegates and press. There are 12,000 usable rooms in Chicago and the hotel association turns over the disposition of 8,200 to the committee. This is sufficient to house those who attend in professional capacities. But 20,000 are expected for each meeting.

These are political buffs, come for fun and excitement. They have no standing. But they have friends. And they have votes.

The Hilton has 3,000 rooms of which 1,500 have been turned over to Roach and Hallanan. But the Hilton is headquarters for both conventions. So, as a starter, exactly 1,500 reporters want to live there. So do 400 radio and TV men plus 100 key executives and technicians. All claim they must be close to the center of activity day and night.

In addition, the committees backing all presidential and vice presidential candidates demand Hilton accommodations. The biggest political plum in Chicago this July is the Hilton's grand ballroom. The men behind the candidates want to be near the party leaders and their rooms. And, of course, the leaders must live at the Hilton. In addition there is need for office space, studio space, and several large rooms to be filled with smoke.

Roach prorates rooms among the newsmen. But the matter of head-

quarters for candidates is pure politics. How important it can be is seen in the personnel of the two committees on arrangements. Roach, of course, is a hired hand subject to the pleasure of the chairman of the Democratic National Committee. The ranking member of the Republican arrangements committee is the national chairman, Guy Gabrielson. This is a most unusual arrangement; the job usually goes to a close ally of the national chairman. Hallanan thus is assistant chairman of the committee.

The hotel headache slowly disappears until it becomes a minor, but unending, annoyance a few days before convention time. But, as it dissolves, it is replaced by another—tickets. Tickets have played an important role in all conventions. In 1940 the balconies in Philadelphia shook under the roars for Wendell Willkie. Most of the

lost. The delegates grabbed their standards and started marching.

In 1944 the Democrats caught themselves a Tartar with spurious tickets and credentials in the hands of 500 odd devotees of Henry Wallace. They got on the convention floor and touched off a wild demonstration and the delegates showed unmistakable symptoms of bandwagonitis. This time I was assigned to the speakers' platform and I watched Sam Jackson of Indiana, the permanent chairman, pound and shout for order. He was ignored. Suddenly he banged his gavel and announced, "I have just heard a motion for adjournment. I have heard it seconded. And carried. I declare this session adjourned until tomorrow morning at ten." He had heard nothing except "We want Wallace," of course, but when he and the functionaries walked off the rostrum the Wallace supporters knew they were licked.

To prevent counterfeiting, the tickets are now engraved on heavy bank note paper and their design is kept secret until the last minute. They are delivered by armed guard to the committee in charge and then distributed through national committee members for each state. The allocations are based on two factors: the number of persons in each delegation and the proximity, geographically, of a state to Chicago. Obviously the demands on national committeemen and state chairmen will be heaviest in such states as Indiana, Wisconsin, Illinois, and Michigan and lightest in Florida or Oregon.

Counterfeiting is heavy in the colored ribbons issued to people who must move about the hall, such as sergeants-at-arms and newspapermen. Different colors permit entrance to different areas. Some newsmen save their ribbons from convention to convention. Others buy cloth of similar color and cut out their own ribbons. Thus, where they have been allotted four roving ribbons they have ten or a dozen. It's harmless larceny and Roach counts it in when he allots such credentials.

The situation in tickets for spectators this year is going to be tough. If there is no chicanery at the entrances there will be space for no more than 7,500 spectators. The big T-shaped rostrum and the seats for 860 newspaper and 300 radio reporters will eat a large chunk out of the floor space which is supposed to hold some 4,000



noise was supplied by young ladies and gentlemen who had been handed spurious tickets and told to get to the hall early. When holders of legitimate pasteboards arrived at a more reasonable time the hall was filled and the police and fire lines were up.

Delegates act something like a doe at New York's 42nd Street and Broadway flitting wildly about in search of a band wagon should one be at hand. The Willkie shouts from the gallery got one rolling and that was that. I covered that convention and was assigned to the floor where I got caught up in the wildly parading delegates. As we swept around I could see the hardened, professional politicians trying to tell the maniacal delegates that the shouting was a phony call, arranged by other professional politicians. But their cause was

people. The actual number of delegates remains a mystery until almost the last minute. The Republicans will certify 1,205 and the Democrats 1,580.

Both have the same number of alternates but some states split each vote. A half vote takes exactly as much chair space as a full one. It is doubtful that there will be many, or any, spectators on the floor.

The rim of permanent seats is supposed to hold 7,500. But many hundreds of seats will be lost to radio booths and platforms holding TV and newsreel cameras.

Thus the seating picture is grim: At the best, no more than 7,000 seats will be available for nonparticipants. And participants will hold tight control over every one of them. The event is held in a state that is half Republican and half Democratic. A most conservative estimate sets 20,000 political buffs as the minimum who will travel to Chicago determined to sit in on the show.

Chicago anted up \$500,000 to attract these meetings. There is a remote possibility it will get some of the money back. The Federal Corrupt Practices Act makes it illegal for political parties to accept donations from corporations and the Mayor's Citizens Committee is incorporated.

Chicago's bid for the conventions was the least attractive of the three received. But railroads and airplane fares being what they are, the Windy City's \$500,000 was accepted over Philadelphia's matching bid in cash plus the free use of the hall. The Chicago hall cost is \$6,500 a day with a five-day guarantee from each party. Miami offered \$600,000 and inexpensive hotel rates. Miami never got around to discussing halls, but it was academic anyhow. Miami isn't on the television coaxial cable and relay circuit.

And this is the year of the television convention!

NEW YORK television people picked the site of the 1952 Democratic and Republican Conventions. Both parties knew that, no matter where the conventions were held, the press and radio would cover them. So would TV, but it would be handicapped by facility and transmission problems anywhere except New York, Chicago and Philadelphia. So Chicago was chosen. And, as always, so was the massive Chicago Stadium.

The TV folk demurred, politely. "Okay," they said, "we will work in the stadium. But we could do a

better job for you out at the International Amphitheatre in the stockyards."

The Amphitheatre is five miles from the Loop. When the prevailing southwest winds aren't prevailing it can get rather gamy. The Amphitheatre costs \$6,500 a day and the stadium \$5,000. The stadium seats more than 22,000 or 10,500 more than the Amphitheatre.

But the first purpose of a political convention is not to nominate. It is to elect. And the politicians are convinced that if they want to elect in this electronic age they must look pretty for the people. So, it was off to the Amphitheatre.

TWO gentlemen in no way concerned with the conventions put the TV handwriting on the wall for the politicians. One was Rudolph Halley, a gentleman unknown in New York until the Kefauver hearings made of him a horned-rimmed knight who was able to whale the tar out of both the Republican and Democratic parties when he ran for New York's second biggest job in November. Nobody was for Halley except the voters and all they knew about him was what they saw on television.

The other gentleman—Secretary of State Dean Acheson—was better known, but not enthusiastically. He made a couple of TV speeches and his frigid manner and regal accents made him no friends. In January, Acheson presided over the Japanese peace talks in San Francisco and for a week ticked off the Russians with neatness, on these occasions working without benefit of prepared speeches. He did nothing in San Francisco he hadn't done in New York, Washington, London and Paris, but he did it on TV and looked good doing it. People got to saying maybe Acheson had something, and they said it to the poll takers, in the letters-to-the-editor columns, and with fan mail.

Politicians are sensitive to such public trends. So the politicians listened and obeyed when the TV experts cost them all that money and all those tickets. The telecasts of the actual conventions—the action on the rostrum and on the floor—could have been done just as well from the stadium as from the Amphitheatre. Many think better, because 22,000 people make a better show than a crowd roughly half that size.

The stadium has another advantage, which may or may not be an advantage in view of its history. The stadium has a cellar. The Amphitheatre has none. It was

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from the stadium's cellar that the famous "Voice from the Sewer" boomed over the loud-speaker system and threw the 1940 Democratic Convention into wild disorder.

But the stadium is one unit—all floor and seats plus cellar. There are nothing but units in the International Amphitheatre—five in all. The arena where the convention will meet is comparatively tiny—only 29,000 square feet. But on either side of it, and under the same roof, are four immense wings. Two of these wings are each 57,000 square feet in size. The floor space of the other two is 50,800 square feet, each.

ONE of the large wings will be turned over to TV and radio for studios from which will be telecast the boyish smiles and political propaganda of senators, representatives and other politicians without number. Each time these winning personalities are exposed to the screens of the folks back home that means votes—and votes are the sole purpose of the convention. There wouldn't have been room for this kind of public relations at the stadium.

The newspapermen are getting a big wing, too. It will be cut up into offices for the press associations and the staffs of the large metropolitan dailies. There will be darkrooms for photographers and equipment for the immediate transmission of wire pictures. The political parties pay for this construction but the TV folks are picking up their own tab. The reason for this discrepancy is \$5,000,000 the wireless companies are collecting from sponsors.

The TV hands are tooling up to

run off a minor miracle for this \$5,000,000. The old-time radio coverage, a slight miracle itself, has certain aspects of the carrier pigeon when you contrast it to the job the TV folks are going to try to perform. Summer electric storms may upset their relay tower transmission but otherwise it appears they have a good show coming up.

THE combination of the all-seeing television eye and the first undominated pair of conventions in 24 years should make for a whiz-bang of a show. The 50 men allegedly dominating every convention have sacrificed much in money and tickets to make it a good TV show so they will make it as palatable as possible. That means the end of the ten and 15 interminable seconding speeches for nominations. It means the streamlining of routine convention business. It also means that the conventions will run over more days than they usually do. The big moments will all come at night when the listening and looking audience is at its largest.

The afternoon session, prior to the balloting, will eat up routine affairs.

Every politician remembers Bryan and Garfield who came to nominate and left nominated. A great speech might make lightning strike again. Only in 1952 it won't strike with the power of a hall full of delegates. It will strike with the thunderous roar of a nation that has sat in on the proceedings, and, having heard and seen something, can demand that its will be done no matter what the boys in the back room decided.

And that's not a bad idea, at all.

Never Spank A Bee

(Continued from page 50)

the available records show that the black widow spider has caused 55 deaths in the past 200 years. Some of these may have had contributing factors. However, there is no question but that the bite of the black widow does cause an occasional death.

The black widow spider is easily recognized. It is like a shiny, black shoebutton with black legs. Full-grown females are up to half an inch long but the males are only about a quarter of an inch. The females cause the damage, because the males have never been known to bite. On the underside of the spider there is an X-shaped marking. This danger sign is usually

visible because the black widow is one of the group of spiders which hang upside down in the web.

Black widows are found over most of the country but their bite is rare and not always fatal. Obviously, though, they should be killed on sight.

Deaths from the two lethal scorpions of the Southwest all have been reported from Arizona. Dr. Herbert L. Stahnke of Arizona State College reports that these two kinds of scorpions caused 64 deaths in Arizona from 1929 through 1948.

These two scorpions range from half an inch to almost three inches long and have the typical, crablike claws and jointed tail. It is ex-

tremely difficult to distinguish them on sight from the common brown scorpion. Scorpions of one kind or another are found in 30 states.

Just the opposite of these furtive but deadly critters are the members of our last group, the bluffers of the insect world. This group includes insects which are virtually harmless but which manage to scare the wits out of you. A prime member of this group is the praying mantis, a greenish-brown bug some three inches long which sometimes causes an entire outdoor party to flee in terror when it rears up and holds its front feet in a menacing position.

The praying mantis is quite harmless. Besides its ferocious display it is the only insect that can look over its shoulder. When one of these creatures turns its head and stares with beady eyes it is enough to unnerve even the top executives on an office picnic.

In New York City one time the customers and clerks ran out of a grocery store and stood pointing back through the doorway. A policeman, attracted by the commotion, entered the store with ready night stick and found a large praying mantis standing in the middle of the floor. Even the patrolman was apprehensive when he confronted it.

MANY caterpillars, the larvae of moths and butterflies, are harmless but have fearsome-looking horns or large spots which look like staring eyes. Caterpillars of the hawk moth have a wicked-seeming horn at the rear end. It resembles a stinger but is pure fake. When disturbed some caterpillars will lash the fore part of their bodies from side to side as though ready to do heavy damage. This, too, is pure bluff.

Although caterpillars are generally harmless there are some exceptions. The caterpillar of the Io moth has poisonous spines. If you pick one up the effect is like handling nettles.

Of course there are many beneficial and beautiful insects but we are dealing with the gang that causes trouble when we are trying to enjoy ourselves in the outdoors.

But there is no need to spend the summer behind screens just because there are bugs about. You can use the modern repellents against mosquitoes and flies and if you watch your step your chances of being stung by the more painful ones are slight. But remember—even the wisest of us get stung sometimes.

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GENERAL  ELECTRIC

And Then — Sudden Ruin

(Continued from page 31)

ing. So he puts down the pretrial pain and suffering and damages figure: \$25,000.

Add these up, and you have a claim of \$36,000 for damages up to the time of trial.

Next, is the loss of Plaintiff Jones' wages for the rest of his life. He earns \$300 a month? Well, cut it down to \$250 a month if you wish. Multiplied by the plaintiff's life expectancy of 30 years—the lost wages come to \$90,000. Put that down as the fourth figure, and your claim has jumped to \$126,000.

BUT there is more to be added.

"Here is a man horribly injured and permanently disabled who will suffer excruciating pain for the rest of his life," the lawyer reminds the jury. To drive his point home visually, he draws a diagonal line on the blackboard.

"Suppose you regard this line as representing a continuing period of time," the lawyer says. "My

client won't have surcease from pain between 10:09 and 10:10 in the morning; nor between two and three in the afternoon. As the doctors have testified, his pain is continuous—like this line (he points to the blackboard). Minute after minute, hour after hour. In 30 years he will have suffered 15,678,000 minutes of pain."

"Five dollars a day for pain? Would you take it?" asks the lawyer. He then puts down another figure: \$60,000—pain at \$5 a day for 30 years.

The claim figure has now advanced to \$186,000.

But there are still other things Plaintiff Jones can collect for. His broken back and damaged head subject him to embarrassment and ridicule. One dollar a day for embarrassment, and another dollar a day for ridicule adds up to \$20,000 over a 30-year life expectancy.

The plaintiff now has a claim of \$206,000.

During the trial, the plaintiff's

lawyer has relied on more than chalk alone. He has summoned doctors to testify concerning disability and pain. (Before putting the doctor on the stand, the lawyer wrote his name on the blackboard, also his hospital connections, books he had authored, honors he had won.) The lawyer has passed around to the jury a specially prepared skull, showing his client's head injury, and a plastic model of a human back to show the damage there. With photographs, in color, he has dramatized the plaintiff's battered condition immediately after the accident. At every point he has "demonstrated" his evidence.

Trial techniques like these, used with increasing skill by more and more lawyers, naturally raise the level of money damages everywhere. For instance, in New York City, the average personal injury verdict handed up in the lowest state court (the Supreme Court) has almost tripled since 1940. The average is still rising.

If you check up on the personal injury cases tried in this state court you are struck by another significant development. Insurance companies are showing increasing reluctance to let a trial decide a personal injury claim. In 1950, there were only one third as many personal injury trials-by-jury (in the state courts located in New York City) as there were in 1940.

Since more claims were filed, this could only mean that insurance companies were choosing to settle rather than risk trial.

THESE settlements have been rising too.

The risk of a high verdict isn't the only reason for settling a case. Another is the growing tendency of juries to give verdicts to plaintiffs even where the plaintiffs are to blame or where the blame for the accident isn't clear. This is particularly true where the plaintiff has been badly hurt or killed.

Less spectacular but just as important in boosting insurance rates is the higher cost of smashing up a car. Repair bills have more than doubled since 1940, and modern car design adds to the problem. Before the war a broken fender could be replaced for \$10. But now such a replacement involves a good chunk of the body.

So, average claims for car damage are two and one half times greater than in 1941.

But that isn't all that's inflated. So are automobile accidents.

The full story of last year's auto-

AMERICA'S FASTEST SECRETARY

RADIO audiences have heard the chairmen of congressional committees ask their reporters to read back questions during hearings. They may have heard a reply of Howard Hudson, 30-year-old Washington reporter, who often works on the Senate side, where he has taken testimony verbatim for publication for all the committees.

Hudson, who can bang out better than 170 words per minute, might aptly be called America's fastest secretary. Most reporters lack the typing skill equal to their shorthand and either record their notes or turn them over directly to a typist, but Hudson types up his own notes with a muted machine-gun sound effect. He often works 17 hours a day to get out emergency transcripts.

His cruising typewriter speed rose from 140 to 160 words a minute when he changed a few years ago from the standard 1873-designed keyboard to Prof. August Dvorak's simplified

board. This scientific keyboard divides words between the hands, avoiding the standard left-hand overload and necessitating only a twelfth of the standard fingertip mileage. Hudson owns two electric typewriters, takes one with him when he travels, as he does for the Atomic Energy Commission.

He uses an electric warning system showing a green light for line ends and a red light for page bottoms. A slanting copyholder allows better vision. His machine is fastened to a heavy desk.

At piecework rates his unusual speed enables him to earn approximately \$100 a day, or better than the \$12,500 salary taxpayers pay their senators and representatives. Hudson is a bachelor. His hobbies show his love of controlled speed. He drives a convertible, and flies his own land plane as a Sunday afternoon flyer.

—RUTH BOYER SCOTT

motive bloodletting isn't in yet. But official reports for the first half of 1951 show that things aren't getting better; they're getting worse. In 29 states and the District of Columbia, there were four per cent more deaths than during the same period of 1950. Ten per cent more persons were mauled and maimed. Accidents were up 17 per cent. It looked as if the final score for the country would be 37,000 dead and some 1,300,000 injured—the most disastrous since the war.

What this means to the insurance-buying motorist can be glimpsed from the rate rises already granted.

AUTOMOBILE liability insurance costs about 50 per cent more than it did five years ago. In some cities, particularly where jury awards for personal injuries have been generous, rate increases are even higher. For the old standard \$5,000 and \$10,000 public liability and \$5,000 property damage policy, the San Francisco driver now pays \$54—a 57 per cent rise over 1951. In New York City, the cost is \$115—a 68 per cent rise.

The new type jury verdict and inflation are rapidly making the old \$5,000/\$10,000 policy obsolete, and more than 70 per cent of all policies are already being written above that figure. Now, some prudent drivers won't venture out into the congested roads and streets without public liability coverage of \$100,000/\$200,000—and \$5,000 property damage, which, in New York City, comes to \$145.

Many states granted an emergency rate rise of about 20 per cent to the insurance companies last year. But even with these increases, the casualty companies found they were still paying out more money in claims (and expenses) than they were taking in on premiums. The stock casualty companies estimated that their automobile liability business would lose about \$100,000,000 during 1951. The mutual casualty companies expected to fare no better.

"Want your hair to stand on end?" said one insurance man. "Just look what's happening in some of the towns we do business in." He cited Worcester, Mass.

In Massachusetts, during 1950, rates were set on the assumption that the insurance companies would spend 63½ cents out of every premium \$1 to pay claims and the remaining 36½ cents to pay overhead, i.e., expenses, wages, taxes, and other costs of doing business. Actually, for every dollar taken in, the insurance companies doing

WHICH SHOE FITS YOU?

LAST FALL, despite the crying need for steel, the shortage of scrap was so acute that some steel furnaces were forced to shut down. Steel production was seriously threatened. It was a national emergency.

In this critical situation, which could easily have become disastrous, the steel makers appealed for help.

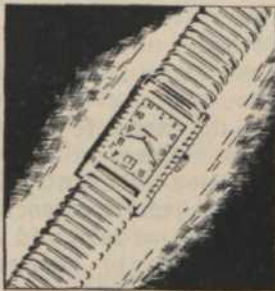
The response was immediate. Iron and steel scrap began to flow to the mills—from button makers and piano factories, from pharmaceutical firms, from shirt makers and watch manufacturers, from textile mills and refineries. Industrial plants of all kinds, went all out in this scrap drive. They combed through their shops for "dormant" scrap, junked every old tool and machine that could be spared and turned it in for scrap. Unfortunately though, a few sat idly by and let "George" do it.

Today scrap is still badly needed. More and more will be needed when the new steel-making facilities, now under construction, begin operations. That's why we're asking again for everybody to get into the act.

So, if you have been sending in scrap, keep on sending it. Keep your scrap salvage committee on its toes, for their job is far from finished. Above all, don't relax your personal vigilance to see that not a pound of obsolete equipment is overlooked but is cleaned out and sent to the scrap dealers. And, if by chance, you haven't taken this scrap shortage very seriously hitherto, do so now, for it is a serious matter and can vitally affect your welfare.

Remember, the steel mills *must* have scrap to make steel. Every ton of dormant scrap used in place of pig iron, saves more than 4 tons of precious raw materials. The more scrap you send in, the more steel the mills can turn out—and the opposite is true, too. Won't you do your share?

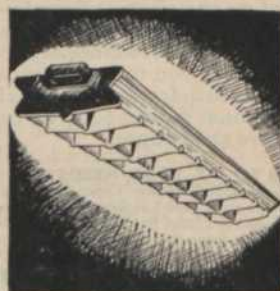
*Let us add your name to this
SCRAP DRIVE HONOR ROLL*



ELGIN NATIONAL WATCH COMPANY famous makers of fine American watches are "keeping a continuous record of all scrap sales in order to do our utmost to assist in this very worthwhile project. To date, our efforts have resulted in the return and sale of 147,427 pounds of scrap iron and steel. Since watch parts are so tiny, iron and steel consumption in the jeweled watch industry is very small. This we think makes our scrap record the more outstanding."†



E. F. HOUGHTON & CO. well-known makers of leather and rubber packings, leather belting, lubricants and cutting oils, whose use of steel is confined mainly to their manufacturing equipment, write: "We are pleased to advise that we have partially completed our scrap salvage program and, to date, have disposed of 24,200 lbs. of iron and steel scrap. We expect that there will be an additional ten to fifteen tons of scrap salvaged by our company prior to the end of this year."†



DAY-BRITE LIGHTING, INC. makers of incandescent and fluorescent lighting fixtures, report from St. Louis, Mo. "Our regular steel scrap from production is picked up two to four times a week. However, because of the scrap drive we accumulated over the last 2½ months, approximately 55 tons of otherwise dead scrap, which has been added to the production scrap turned over to our scrap dealer. From a scrap standpoint, our plants are in the cleanest condition in years."†

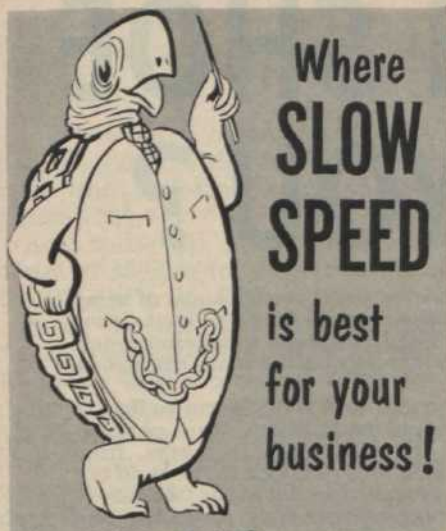
† These Scrap Drive reports are excerpted from letters to the American Iron and Steel Institute, Committee on Iron and Steel Scrap.



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Air Compressors from 1/4 to 15 hp.

business in Worcester incurred claim losses and expenses of \$1.17.

Of the 100 largest casualty companies licensed to do business in Illinois, 60 showed underwriting losses last year. One company (Fidelity and Casualty Company) reported that claims and expenses exceeded premium income by \$12,493,000.

LOOKING back over 20 years, one finds that automobile liability has seldom been a paying proposition for the insurance companies during the past ten years, which included the restricted driving of the war days. The stock casualty companies alone lost some \$150,000,000 on auto liability. (Figures for mutual companies aren't available.) The trouble is that rates, which are made up on the basis of past experience, never seem to catch up with costs.

So dismal has the outlook for automobile liability become that some companies are withdrawing from New York City and other metropolitan centers—a development that has caused New York State Insurance Commissioner Alfred J. Bohlinger to warn:

"Government has a way of moving in when private enterprise fails to meet the need."

The insurance trade press, too, warns of revolutionary changes in automobile liability insurance. Roger Kenney, the respected insurance editor of the *United States Investor*, wrote recently:

"There are some people in . . . high . . . places . . . who are strongly of the opinion . . . that even if the companies should extricate themselves from the morass in which they are mired, they will eventually run smack into a jungle of social philosophy so dense, so dark and so forbidding that private carriers simply won't survive in it."

Kenney cites the broadening concept of "social insurance" and reports a trend toward compulsory protection for car accident victims—whether they are at fault or not.

The worker is already protected, through workmen's compensation, against injury on the job. But automobiles kill more people than industrial accidents do. They constitute a greater hazard to life and limb than anything else that confronts the citizen. So, some people urge that car injuries, too, go on a compensation basis; so much for a leg; so much for an eye—just as in workmen's compensation.

In New York State, a committee of the legislature has already looked into a system based on "liability without fault," and has sug-

gested further study. The New York State Insurance Commission is against the idea, and so are insurance men.

As in workmen's compensation, the auto injury awards would be administered by state commissions and state functionaries. The way would be opened for "state funds" that would crowd out the private insurance companies.

What can the driver do about rising rates and the collateral threat of government entry into automobile liability insurance?

First thing he can do is to realize that the rate he pays depends directly on the number of accidents caused by drivers in his own community—and on the claims paid out on those accidents. Here is how it works: when a driver from suburban Great Neck, Long Island, causes an accident in Manhattan, the cost of the claim is charged against Great Neck (Nassau County)—not Manhattan. In this way, the driver and his neighbors create their own rates.

Thus the motorist has a dollars and cents interest in (a) preventing accidents by his neighbors and (b) preventing the payment of excessive insurance claims arising from his neighbors' accidents.

THE reader is, of course, a careful driver who observes traffic signals and speed laws. But what about his neighbors?

Here, the driver-citizen can do several things.

He can urge that the local high school give courses in driver education. Most accidents are caused by drivers under 25. Research in six states shows that the trained driver has a 60 per cent better accident and law violation record than the untrained driver.

He can urge, too, that local courts and police enforce traffic and speed laws. In Newark, N. J., not long ago, a motorist so mangled an eight-year-old girl that she lost a leg and will suffer a speech defect the rest of her life. The driver was fined \$25.

Tougher law enforcement is at the head of the list whenever safety men talk about cutting accidents. Such tougher enforcement would save at least 10,000 lives this year, they say, and prevent injuries to 250,000 Americans.

As already noted, ever-rising jury awards for personal injuries are a key factor in boosting rates. This is a controversial subject of great perplexity. The humane juror knows that inflation has boosted hospital and other costs. He feels, too, that some reparation

should be made to a fellow citizen who has been injured through the negligence of another. With the reasonable money damages that stem from these considerations, insurance men don't quarrel. After all, that is what insurance is for.

Yet, insurance men raise grave questions about some jury awards.

Are juries careful to determine the blame for an accident? Was the defendant driver at fault? Insurance men say there is an increasing tendency to award damages to the plaintiff even where he is to blame and where no liability on the part of the defendant exists. It arises from the belief that the award hurts nobody; "it comes out of the treasury of a big corporation anyway."

Recently, a San Francisco lawyer, Wallace E. Sedgwick, raised another important question.

"It is now almost standard practice for plaintiffs' lawyers to take anywhere from one third to 50 per cent of the net recovery, with the average being 40 per cent," Sedgwick said.

THIS means that a \$100,000 verdict, granted to an injured plaintiff because the jury felt it was needed to pay medical and grocery bills the rest of his life, will not go to the plaintiff. He gets \$60,000; his lawyer gets \$40,000.

Defendants' lawyer Sedgwick pointed out that the average percentage fee is applied regardless of whether the case is a \$1,000 case or a \$350,000 case—such as the one recently tried in California.

"We have all had the experience," he said, "of trying to settle cases where the company is willing to pay a reasonable amount; but by the time the plaintiff's attorney takes out the cost of his investigation, plus his 40 per cent fee, there is just not enough money left to make a settlement attractive." So a suit follows.

How do you cope with the high fees? "Regulate them on a sliding scale, somewhat as is now done in probate law," said Sedgwick.

The high verdict—more accident problem can be solved. But until it is, do you carry enough insurance to meet the new awards if one should be slapped on you? Or do you face sudden ruin?

Like auto accidents, fires are with us always. Somewhere in this country a home starts burning every minute and a half. Next month NATION'S BUSINESS will carry an article offering suggestions on how to handle your home insurance.

Over 54% Quieter*

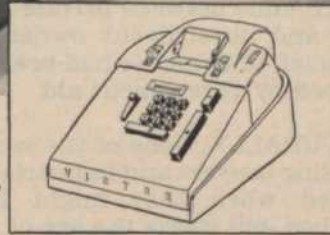
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Cow Hand Who Rode East

(Continued from page 43)

that all the other lawyers had long since dismissed. Lee bought a bicycle with cash and not soap coupons and went door to door again. He collected every bill and when a trust company was formed he was hired as attorney at \$25 a month.

Judge McMillen opposed it. The young man might get bumptious. Laurence's maneuver was to accept attorneyship for private utilities and he moved into the circle of corporations. The \$13 desk was gone. He began representing business, always management. The boa constrictor and the unpaid worker became an anecdote.

His mentor was his own father-in-law and his idols were the swashbuckling lawyers of New Mexico which had been made a state and was one of the first testing grounds between private business and government ownership, for much of the state had been developed by government aid.

NATURALLY, some of the swashbuckling lawyers and industrialists bucked when they might have swashed, but it was the age of root hog, or die, and Laurence Lee learned to root. He was impressionable and ambitious, a student of Judge McMillen's finesse and an admirer of Judge Albert B. Fall's nerve, verve and wide swath. Albert Fall, the fall guy of Teapot Dome, should have no part in an Alger story, but there he stands.

Even today Laurence Lee is convinced that Albert Fall was innocent. He bases this conviction on his knowledge of the man.

The Occidental Life Insurance Company was a stock concern formed in Albuquerque in the days when regulatory tape was measured by the yard rather than the mile and Judge McMillen was one of the founders and then was president. He waited until his son-in-law proved that he could ride business' bucking horses without breaking his spur strap and acquiesced when, in 1919, the young lawyer was made company attorney.

Already Lee was manager of the Fernandez Company, a sheep and cattle enterprise with which Judge McMillen also was associated. Laurence Lee wanted to be a cattle man when he was on the ranch. He wanted to be a lawyer when he was in his office. The one thing he didn't want to be was an insurance executive. Nevertheless, he soon

was general counsel and vice president of the company although his pet was the Fernandez ranch.

A dearth of shearers compelled him to run sheep and cattle on the same range—a sin against the western code. Lee noticed, however, that sheep and cattle thrived together, the cattle on grass and the sheep on anything they could reach. He stored the knowledge in the back of his head for future use.

Things were going well in New Mexico and he thought his life's pattern was fixed. He had a good practice, a happy family and the Fernandez ranch. Came 1925. In the "era of wonderful nonsense" he and Mrs. Lee visited the East and called on a family friend in Washington, the late Joseph H. Defrees. The latter was a big wheel in the Chamber of Commerce of the United States and that organization's new building had just been completed.



Defrees took Laurence Lee and Mrs. Lee to see it.

"It gave me a feeling of tremendous responsibility simply to look at it," Lee said. "Nothing in the world has impressed me quite as much, I think, as my first visit to the Hall of Flags. I was determined then to be associated with the organization."

Back in New Mexico, the plans of his life began to shift. It was 1926, and business portents already were showing red in the sky, tiny lines that warned of things to come. The hoary cry of "Go West" was running thin into an echo. The West no longer was the frontier and Lee realized even then what many men have come to realize since: that the new frontier really was the Southeast, the old slumbering South that had opened one eye and was ready almost to get up again and be about her business.

Thus it happened that the Occidental Life Insurance Company of New Mexico reversed the trend of almost a century. It left the West and was moved to Raleigh, N. C. Lee did not move then with the company. He remained in Albuquerque to attend to his own affairs

and the affairs of Judge McMillen, for the old jurist, now the dean of his state's bar, was waning fast.

One of the judge's last requests was that Laurence Lee become president of the Occidental Life Insurance Company. "I wanted to be a lawyer and raise cattle," Lee said. "I loved New Mexico. But Judge McMillen had been my friend. I took the job."

He and Mrs. Lee had three children by then—Elizabeth, Florence and Laurence, Jr. In 1928 they pulled up roots and moved everything to Raleigh, N. C., except their New Mexican heritage and an affection for the Southwest that some might call chauvinism.

THE depression already was mauling agrarian North Carolina. Lee overhauled the Occidental Company, tightened its gears and tuned its machinery to operate under wholly different conditions from New Mexico: tobacco farmers instead of ranchers, textiles instead of mines.

He was wise enough not to try to change the South, but neither has the South changed him. He studied the mores and listened and learned. He was never what the South calls an interloper, never a "blue bellied Yankee" preaching reform to a defeated people who refused to accept defeat. He tried to mesh, not reform.

This wasn't easy. He made many slips and, truthfully, his family never quite was integrated into paradoxical North Carolina. It takes time to blend a Spanish-American frontier culture into the Scotch-English-German pattern of the land where English colonization began. The Lees never were "refugees" in the Southern sense, but neither did they ever spread their roots deep into the red clay and black land of the Old North State. They were, in a way, just sort of visitors. As they say in North Carolina, "Mighty fine folks, but they never got tar on their heels."

Lee joined the Chamber of Commerce in Raleigh and a country club, but not much else. He sent his son, Laurence, Jr., first to Yale and then, after the war, to Duke University, and began training him to take his place.

The Occidental Company, by tight management and thrifty investments, prospered and, in 1934, when the Peninsular Life Insurance Company of Jacksonville, Fla., ran into financial doldrums, the Occidental Company took over the stock. The first plan was to merge Peninsular into Occidental, but Lee went to Jacksonville, looked over



Mr. Jones is not taking his exercise

Mr. Jones is out of sorts. In fact, Mr. Jones is mad. He's sore as a boil about the steel situation. Tortured almost to tears by taxes. Choked right up to here by controls. And now, his accounting department has just shown him the new statement . . . production up, sales up, profits *down*.

So he's blowing off steam in his own private office . . . shouting to the four walls, bellowing with the wrath of a wounded bull.

It won't get you any place, Mr. Jones. Not that we don't sympathize. But even the strongest of us

gets no place fighting *alone*. Or fighting only *against* things.

What's the answer? The answer is *concerted* action. Action that is fighting *for* something. Like what? Like the National Chamber's right-this-minute program, working for the six most vital aims of every businessman. Read them at the right.

For more information, write for booklet, "The Chamber of Commerce of the United States — What It Is and What It Does." Washington 6, D. C.

Aren't these **YOUR** aims, too?

Here is what the National Chamber is fighting for right now:

1. **ECONOMIC UNDERSTANDING** — Build a better public understanding of the American profit and loss system.
2. **GOVERNMENT ECONOMY** — Create an effective demand for economy and efficiency in government.
3. **FEDERAL TAXES** — Help develop an equitable tax system.
4. **SOCIAL LEGISLATION** — Promote voluntary welfare developments which foster initiative and self-reliance.
5. **LABOR RELATIONS** — Establish a fair basis for labor-management relations, with a minimum of government intervention in collective bargaining.
6. **FOREIGN POLICY** — Support foreign policy which will protect America's security and independence.



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the stakes and the hands and decided to stand pat. So Peninsular remained an individual company with Lee as its president. Occidental was under strong reins, the reins of General Manager W. H. Trentmen, and again the Lees picked up bag and baggage and hauled out, this time to Jacksonville.

There Lee got his feeder roots into the sand but the tap root still was in New Mexico and ever shall be.

Florida shook off the lethargy of the '30's and began stretching. So did Peninsular and Lee stepped out in long strides. They were calling him Larry by then, although his wife still calls him Laurence. Jacksonville, in many ways, was new and stewing and Lee fitted exactly into the fast expansion. He strengthened the reputation he had built in New Mexico as a man who never had met a stranger. His office door always was open and his business greeting was "Come on in and sit down." It was the open shirt routine of the West again.

There is a camaraderie between him and his employees, both in Peninsular and Occidental, that tastes more of family than business. Stories of his kindness abound. He gives a personal hand to those he likes; this employee helped over a rough spot, that one advised into a better job. He also is a match-maker, eternally playing Cupid. The man believes in marriage. He should. His has worked so well that he assumes others should be just as steady.

ONE friend said of him, "He's happiest when he's getting some boy and girl employee together. If he had his way, he'd even go on the honeymoon."

His children now are married and parents, and Larry, Jr., is the only one at home. He is vice president and treasurer of Peninsular and president of the British American Life Insurance Company, a subsidiary of Peninsular, operated in the West Indies. All the other Lees talk Florida and think New Mexico, but Larry, Jr., is a Floridian. Maybe he never really got tar on his heels in North Carolina but he's got Florida sand in his shoes.

Peninsular is building a new home in Jacksonville and the elder Lee sort of sits back, but not too far, and lets his son run things. The whole family is a closely knit unit. The three insurance companies and the Fernandez ranch are family concerns. The ranch now with 300,000 acres under fence,

runs sheep and cattle together, the trick that Lee learned back in 1919.

The Peninsular Company, bought as a tail for Occidental's head, now is larger than Occidental and the three companies, Peninsular, Occidental and British American have more than \$300,000,000 in life insurance in force.

Lee is an intense family man and enjoys talking about his children and his early days in the West, a relaxed friendly man, but never garrulous, as mannerable as a Victorian. He is a man of no hobbies in particular.

LARRY, Jr., is an inveterate fisherman, but the elder Lee prefers horses to boats and a good easy chair to both. Once he was persuaded to go after sailfish and complied merely to please the party. Fifteen minutes after his hook hit the water he had a huge sailfish, one of the largest of the season. He landed it in 50 minutes. That was enough. He had been fishing.

His affiliations now are numerous: the chambers of commerce in Jacksonville and Raleigh, the Florida State Chamber of Commerce, Association of Life Insurance Companies of America, Association of Life Insurance Counsel, Institute of Life Insurance, American Life Convention, American Bar Association, the Yale Club of New York, and Pi Kappa Alpha and Phi Delta Phi fraternities. And, of course, the Chamber of Commerce of the United States.

One of his contributions to business was the part he played in the report to Congress on the Temporary National Economic Committee, the report that some businessmen think lessened federal grip on private enterprise and perhaps prevented further regulations. Lee helped prepare the report on life insurance and was the ramrod from the insurance end.

In 1945 he was elected a National Chamber director for District IV, the Southeast. In 1949 he was made vice president. The presidency was the next step.

Meanwhile, he was made a member of the President's Loyalty Review Board, a position he resigned on accepting the presidency of the National Chamber.

He will throw no monkey wrenches, rock no boats as headman of the most powerful business organization in the world.

"The principles of the National Chamber are set," he said. "It is my job to carry them out. Of course, maybe we all can work a bit

harder." He grinned as he said it.

We were back on his lawn, the turgid St. John's River swelling to tide and kicking a froth. Mrs. Lee was there, but did not join his discussion of the National Chamber. She has opinions and convictions of her own, but is one woman who doesn't butt in.

Lee sipped his appetizer and turned his face from the smoke of his guest's cigarette. "I smoked a cigarette once," he reminisced. "I was in a car. The ashes blew all over me. Never smoked another one. Now, where were we?"

"The Chamber," he was reminded. "We were talking about your plans for the Chamber."

"Yes. Uh huh." He stared across the river toward the naval air station, the planes circling. "We don't need a tycoon approach to our problems. Big wheels. Big shots. Big brass. That's bad semantics. Our country must face the world with open hands. We know our hands are pretty clean, but we must show them to those who will be our friends. There has been too much talk of selling America. We must explain America, not sell it."

He warmed to the subject as it obviously was close to his heart.

"Mrs. Lee and I travel a lot. We notice that where we can talk the language of other people there is no difficulty in a mutual under-



standing. Communication — just simple communication — is the easiest and most lasting way to friendship. Americans are the most traveled people in the world now. But how many of us can talk to other people? And understand them, and their religion, and government? You can't buy friendships. You must earn them by understanding. By George! What do you think, Eileen?"

The subject is closer to Mrs. Lee, perhaps, than even to him and she joined in spiritedly. "I wish sometimes that every American child was compelled, through public instruction, to learn a foreign language. Preferably Spanish, as the Latin Americans are our neighbors."

Being New Mexicans, both the Lees have an affinity for Spanish culture and a tremendous admiration for Spanish accomplishments. "Our part of the country, and that's the oldest part, was settled

by Spaniards," said Lee. "We feel very close to old Mexico and to Central and South America and they want to feel close to us if we only will take as much time to understand their problems as we give to selling ourselves. We must not pamper or patronize. There is no bargain basement for friendship."

Now that he is president of the National Chamber they will close their Florida home and move into a suite at Washington's Mayflower Hotel. Lee is prepared to give all of his time to his new job. His insurance business is in hands of his own choosing, including his son's, and the Fernandez ranch is managed by his brother, Floyd Lee. His brother, Chester, is in the Army.

THERE was a nibble to the Florida spring evening (don't sue boys, it's so) and we went into the house, where the hallway and stairs had portraits of the family on the wall. More portraits in the living room and big, serviceable ash trays. There were not as many books as in some homes, but far more than in most and they ran to biographies and histories of the West, with a sprinkling of novels.

"We don't read as much as we should," said Mrs. Lee. "Or see as many plays as I'd like."

"She drags me to a play every now and then, though," said Lee.

And then to dinner where the conversation was as good as the food. The beef was rare. "When I was growing up I ate rare beef three times a day," said Lee.

"I think I prefer lamb," said Mrs. Lee. "The South is learning how to select and cook lamb."

There was coffee in the living room, and plenty of it. Mrs. Lee has respect for the civil liberties of coffee. So has Lee. He has a coffee maker in his bedroom and brews a batch the first thing each morning.

He brought coffee to my bed, poured full my cup and gesticulated with the glass coffee maker as he recounted some experience of his boyhood.

I hope he understood my outburst of laughter, although I never explained. For there stood the president of the Chamber of Commerce of the United States, wearing only his socks and shorts and waving a coffee maker to emphasize his stories. Tycoon? Tommyrot. Big business? Balderdash. A durn cow hand, Yale to the contrary notwithstanding.

And then it came to me with more satisfaction than I cared to express: that at long last a Lee was taking Washington. Save your Confederate money, boys!

Here Comes the Bite

(Continued from page 45)

is regarded as the dean of bridal consultants, a relatively new profession that has developed within the past quarter of a century. They have helped make of weddings the great commercial occasions they are. It is up to the bridal consultant to see that all weddings are costumed as exquisitely as befits good taste and as Papa's resources can withstand.

A native of Kentucky and endowed with much natural charm, Mrs. Allen possesses most of those qualifications that a successful consultant ought to have, to wit: good taste, great patience, a sense of humor, firmness of purpose, immense poise and the ability to lift the eyebrow or stare down the nose in a manner that confounds the opposition.

THE successful consultant, who generally has a whole bevy of assistants, operates, of course, from her bridal salon—a plushy department that most big stores now maintain. A salon is equipped with expensive mirrors, frail chairs, thick carpets, flattering lighting and a general atmosphere of elegance calculated to place women planning a wedding in an expensive and expansive frame of mind. This season such a setting is useful in confusing and terrifying Papa when he enters one of these places.

Wells Drorbaugh, publisher of *The Bride's Magazine* and an authority on such things, says that as late as 1934 there were not more than half a dozen bridal salons, in principal stores in New York, Detroit and Chicago. Now there are perhaps 3,000 in communities of all sizes, doing an annual business of around \$2,000,000,000 in bridal gear. These days an average complete trousseau, from an expensive New York shop, costs around \$4,000, including \$1,000 for clothing, \$600 for the linen trousseau, \$600 for silver, \$300 for china and \$500 for lingerie.

A main reason why bridal salons were so late in making an appearance was that, until 25 years ago, almost no bridal gowns were ready-made. Those that were ready-made were regarded with great scorn, especially by the mothers of brides, who are the dictators and despots of most weddings. Most mothers felt a ready-made gown was about as improper for Daughter's wedding as a grass skirt.

They now sell at from \$35 on up to \$10,000. The latter sounds scandalously high, but some custom-made gowns have been valued as high as \$30,000. They get up there because they may contain as much as 50 yards of ancient rose point lace, which is said to be worth \$600 a yard and more.

Manufacturers say that an important step in overcoming the prejudice against ready-made outfits was their use of old and honored wedding materials, such as Skinner's Satin, which had costumed brides for generations, and tended to reassure doubtful mothers. Ready-made bridal gowns are worn by maybe half of the approximately 5,000 young women who get married in this country each day.

They have become the principal single item dispensed by bridal salons, which also carry multitudinous other tackle used by females in weddings, including blue garters and silver sixpences, which are worn for luck.

The impact of this merchandising has become so forceful in the past 20 years that there is a feeling among some people that being married by the "right store" is as important as being married in the "right church," or even being married at all.

The many wedding accouterments a salon sells a well fixed family may compensate the store for all its trouble in arranging big weddings, although some employees doubt this. There is a belief that

one important reason stores almost overlooked the bridal business for so long was that managements figured that it wasn't worth all the worry and woe, the endless fittings, indecisions and jitterings of the bride and the savage onslaughts of the bride's mother in order to sell a wedding dress and a few pieces of underwear. However, this reluctance of stores, if it ever existed, has now been overcome by militant merchandising. And so, when some young lady wishes to marry in style these days, the procedure goes about like this:

The bride's mother—always known as "Madame" in swank bridal salons—will telephone maybe six months before the wedding, and announce that she will make an entrance there the following afternoon. She always insists on seeing nobody less than the chief consultant.

Her attitude is: "This is MY Daughter—unquestionably the most beautiful and gorgeous creature you have ever had the privilege of doing. I'm conferring a favor on you, and if you can't do her justice, I'll go elsewhere."

And so, the next afternoon, the mother, the bride and, as likely as not, the groom's mother, will sweep into the salon, where they will be closeted with the store's experts. This is known as a "consultation." First, the date is decided, then the time, place, the number of guests and whether the affair is to be formal, semi-formal or informal. (Broadly speaking, a "formal"



wedding is when the bride wears a veil or a train of some sort.)

The consultant then attempts, as tactfully as possible, to learn how much they are willing and able to spend. The bride and her mother, naturally, would like to buy the most expensive gown in the house, and are prevented from so doing only by fear that Papa may suffer a stroke, caused by extraordinary emotion.

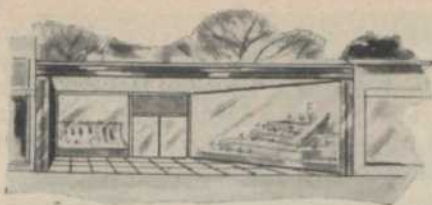
"Oh, how will we tell Daddy? He said \$200 was absolute top," Mama will quaver while selecting a \$350 gown. Until Father began coming to the salon himself this season, this problem was generally solved simply by Mama bringing in \$25 at each fitting until the bill had been reduced to the \$200 Papa had agreed to pay. She likely got this money by feeding the old man fish and hash at home for weeks, thereby conserving on her food budget.

AFTER the gown has been chosen, one would suppose that matter was closed, but it isn't. Grandma is brought in to view the model and pass upon it. So is Aunt Minnie and the bride's best girl friend and her great aunt from California who can't be there for the wedding. After this, the gown is finally ordered.

When it arrives at the salon, in case it's ready-made, there generally takes place a great dispute on whether it is indeed the same as the model selected. Mother remembers it as having a bow at the shoulder, which this does not have. The bride recalls it should have a couple of ruffles and a pleat, while Grandma, Aunt Minnie, etc., have their own ideas of what is wrong.

Then comes a series of fittings, including the pin-up fitting, the basted fitting, etc., concluding with the fitting at which the bride's official photograph is made in full mating costume. During these ordeals Mama and other female relatives make countless suggestions of a snip here and a snap there and a bit looser puff yonder, and say that this or that point should be lengthened or shortened.

The gown probably fits perfectly all the time, but the fitters will agree heartily with all these suggestions and pay no attention whatever to them, so far as changing the gown is concerned. The gown is then hung in "suspension" in a room with thousands of dollars' worth of similar gowns to await the big event. If the gown is finished many weeks ahead of time, which it often is, the consultant has the worry that the bride may



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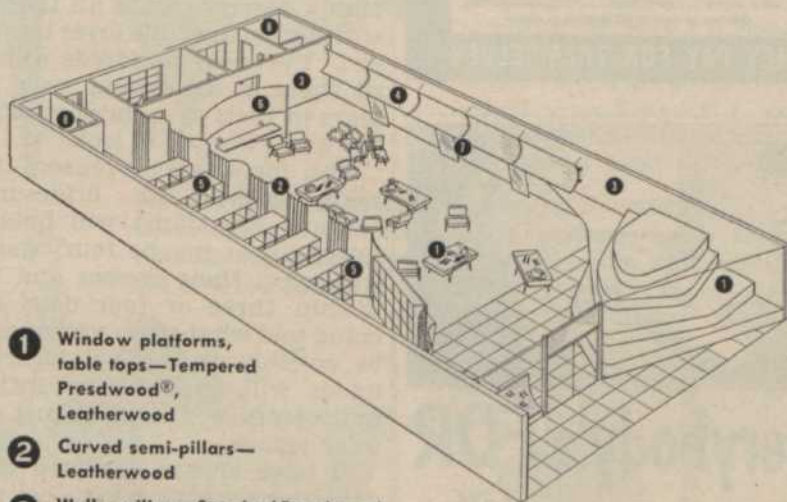
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attend so many parties and miss so much sleep prior to the wedding that she will lose weight, and the gown will sag about her midriff or tangle in her feet as she marches down the aisle.

DURING the gown-fitting period, there have been a series of heated discussions regarding the costumes of the bridesmaids with Mama pitted against the field. People in the bridal business have some theories as to why Mama is so difficult to live with during this sequence:

For one thing, they believe, this is Mama's last stand as Daughter's boss, and she intends to make the most of it to the end. Then, as Mama is quick to point out, she is, after all, hostess for the day. But most important, in the view of Mrs. Allen, veteran consultant:

"Almost every mother lives vicariously in her daughter's wedding. Sometimes when Daughter objects to a gown that Mama wants her to have, I have heard Mama say: 'You've got to have that one. That's the way I wanted to be married, and I couldn't, and you can.' Mama doesn't create all that fuss entirely because she loves her baby girl. I've seen hundreds of them sit there in the fitting room with tears in their eyes, saying: 'That's the way I wanted to look.'"

But, for whatever reason, if the bride wishes six bridesmaids, chances are Mama will hold out for eight, or maybe four, and she will select their dresses and hats. Within three or four days after being told what their costumes will be, possibly six of the eight bridesmaids will announce plaintively, but forcefully, that they just can't wear yellow.

"I have always dreamed of my daughter's wedding with her maid of honor in lovely green and bridesmaids in gorgeous yellow," Mama observes wistfully at this point. "Don't you think pink and blue are awfully trite?"

Then Mama will fire away with her heavy artillery in the direction of the bride: "After all, dear, your father is paying for all this, and it's costing him a fortune. Don't you think you could go along with me on just this?"

It is a tossup as to who will win this round.

Somewhere in the early stages of the outfitting, the consultant will approach Mama on whether "Madame" has given thought to her dress for the wedding. "Madame" will probably reply: "No, but I want something very outstanding!" Whereupon, she will

select an outfit intended to out-shine everybody.

At this point, we digress slightly to discuss the finery, if such it can be called, of the groom, the best man, the ushers and Papa, who must give the bride away. Fortunately, the groom and his men do not suffer the emotions and mental upsets in selecting their outfits that women do. The sensitive nervous system of the male probably couldn't stand it. Anyway, fashion has already decreed what males in any formal wedding will wear. If it is an evening affair, they dress in tails or a tuxedo, which makes them look like waiters. If it is a day wedding, the costume is striped pants and a cutaway.

According to Morris Rudofker, sales head of S. Rudofker's Sons of Philadelphia, a large manufacturer of men's formal wear, some 200 per cent more men are getting married in formal clothing now than did immediately after the last war. But many of them still rent these outfits, or else they may borrow an 1890 vintage full dress suit from an elderly relative. These suits are often notable for their interesting hues of green. But the significant thing is that, while the average upper-crust wedding gown now costs \$400, the groom's suit averages not more than \$75. Even for that wedding where the bride wore the \$30,000 gown, it was impossible for the groom to have spent more than \$300 for his dress suit.

THE groom's and groomsmen's sartorial preparations for the Big Day consist mainly of getting their suits out of the moth balls. Arraying the bride, however, is a much bigger deal altogether. The wedding gown is taken down reverently from its place in the "suspension room," and arrives at the bride's home under cellophane, accompanied by the consultant who will superintend the dressing of Daughter. Members of her staff come along to handle the bridesmaids and Mama. They've brought pins, needles, thread, spot remover and smoothing irons.

Much thought has been given the matter of transporting the wedding gown from the salon to the bride's home without getting it wrinkled. Some swank New York salons hire the biggest, blackest limousine they can get, and arrange their gown all over its seven-passenger compartment. Once, in transporting a huge wedding gown from New York to Baltimore by train, the consultant had to get tickets for five Pullman sections,

and balance the box on top of these seats. The car remained otherwise empty most of the way. Other passengers took a look at this coffin-like receptacle, and headed for the day coaches.

At the wedding itself and the reception that follows, the bride's mother, who has been such a trial all along, is generally more serene than anybody else. She has been blowing off steam all these months, and has calmed down somewhat. Not so with Father. When the big day arrives, he suddenly realizes that he is about to lose his little daughter, with all those people looking on. So Papa becomes completely confounded, helpless and morose, and is likely to get drunk.

THE bride herself often becomes a problem, since she is apt to be seized with hysterics. She will scream that she hardly knows this man whom she is about to marry, and wants no part of him. A competent consultant can calm her down eventually, perhaps with the judicial use of a small vial of alcoholic elixir, which she carries for such emergencies.

Excluding cost of decorations, music, catering the reception, the bride's going-away and other trousseaus and such incidentals as restoratives for faint grooms, the partial clothing expense to a wealthy Papa around New York in these times for an occasion of this sort is about as follows:

Bride's gown, \$600; veil, \$165; hoop (for her skirt) \$25; crinoline petticoats, \$40 each (sometimes they wear as many as five); Mama's dress, \$525; Mama's hat, \$65; Mama's shoes, \$30 and up, and as one authority has said: "God knows what for her foundation garment, so long as she thinks it makes her look youthful."

This scale of expenses holds good, of course, only in cases where Papa does not visit the bridal salon. When he decides to come in and see that expenses are held down, as so many are doing this season, he will take a look at his daughter in the first gown she tries on, and exclaim:

"God bless her, she's the prettiest little girl in New York. I've raised her right. I've kept men away from her. I hope to God he's good to her."

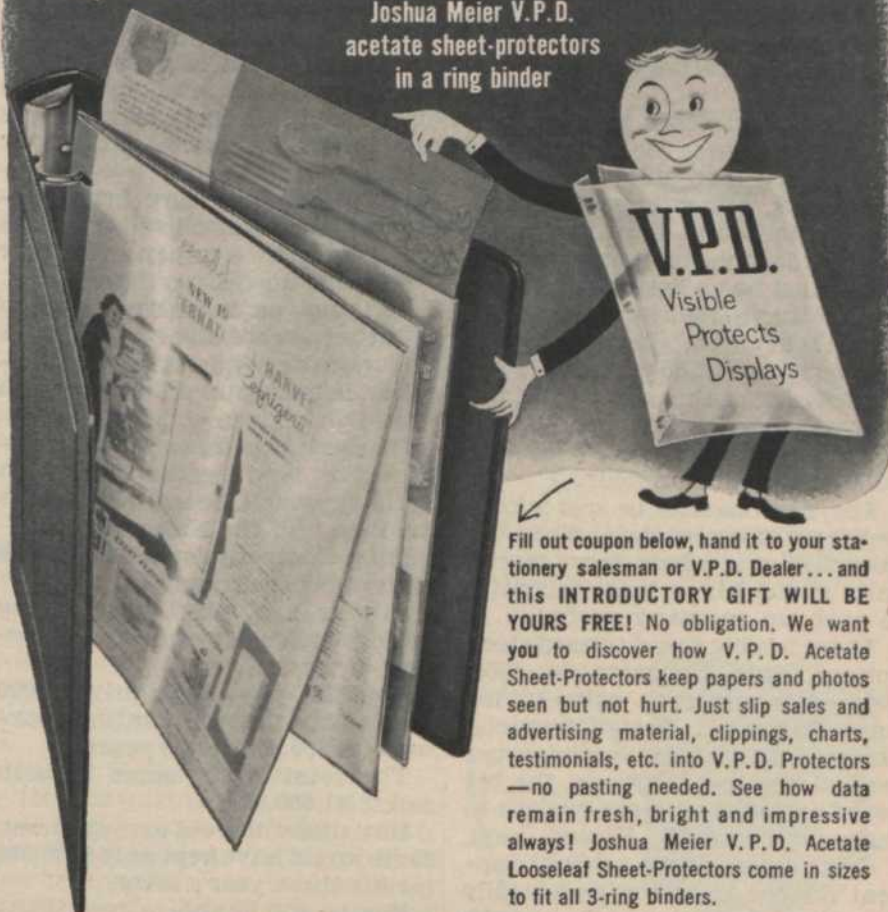
Then he gets very emotional, with a tear in his eye. "How much more will it cost," he asks, "to make that train a yard longer and some more of that lacy stuff on the shoulder?"

"Oh well, since it is only \$75 more, let her have it."

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How to Give the Boss a Raise

(Continued from page 35)
elements discussed below. Here is how some typical deals work:

One is the restricted stock options plan.

This plan gives an employee or a group of employees the right to purchase a specified amount of company stock, within a period of time usually limited to from five to ten years, from the company treasury. Price must be no lower than 95 per cent of the market at the time the option is granted. (Legally options may be issued at 85 per cent of the market, but gains up to 100 per cent are taxed as income and the deal must be approved by the Salary Stabilization Board.)

The stock cannot be sold within two years of option date. Then the executive gets a long-term capital gain, giving him a large incentive to push up company profits.

There is a big trend toward stock options since Congress, in 1950, stopped taxing such gains as income, William H. Husted, financial expert, told me. "At least ten per cent of the companies on the big board are offering stock options to their executives," Husted said.

Stock options have a definite appeal for the executive—especially the young executive—in a growth situation.

THERE is the case of one such executive—Trevor Gardner, president of Hycon Manufacturing Company of Pasadena, Calif., who gained under the stock bonus plan. Gardner figured, a few years ago, when he was vice president of a rubber company, that he could save only \$10,000 out of his \$35,000 salary. He was then 33. He asked his boss for a stock-option deal at 100 per cent of the then (1948) market price of 22 (the stock later went up to around 60). Gardner, a capable man, wanted to create a \$500,000 capital gain in ten years.

He was refused, so he left and started Hycon, paying himself an initial monthly salary of only \$750, but with a 300,000-share bonus of the company's ten cents-per-share stock. Today, Gardner's Hycon stock is worth \$2 per share over-the-counter—\$600,000—which means that he has achieved his goal in two and one half years.

Not many executives have the courage to try Gardner's stunt, but most younger men are prospecting for the kind of deal that will give them a capital gain. In companies

where stock prices are high to start with and growth may be slow and small, plans sometimes are based on issuance of a new, low-priced stock keyed to a subsidiary. This gives executives a special incentive to build the business.

A NEW way to insure future executive income at a low tax rate is the "deferred compensation" or "you work now, I pay later" plan. This is not an incentive program in the sense that stock options are. The incentive of deferred compensation is to inspire an executive to stay with a given company.

In some circles, deferred compensation is known as the Milton Berle approach, because Berle, his tax men and the National Broadcasting Company, worked out the most publicized example.

A year ago, NBC was paying Berle \$500,000 per year on a three-year contract.

Now NBC pays Berle only \$50,000 a year—but they will continue paying him \$50,000 for 30 years.

The total is the same in both cases: \$1,500,000.

But, under the old arrangement, Berle would have kept only \$330,000 for his three year's labor.

Now he will be able to keep \$936,000 after taxes or, roughly, three

"It is a socialist idea that making profits is a vice. I consider the real vice is making losses."

—Winston Churchill

times as much at present tax rates. And he will have steady pocket money until he is quite ancient.

Under the new contract, Berle will work for ten years as a comic, ten years as a producer, writer and director. The third ten years he doesn't have to work at all.

This kind of arrangement has been pronounced legal by experts—J. K. Lasser has quoted it recently—and has been adapted in numberless ways by other companies for other men. For example:

N. J. Blumberg, president of Universal Pictures, will get \$1,500 per week for five years in his present job (until 1955) and \$1,000 per week for five years thereafter as a consultant to the company. If Blumberg should become incapacitated before 1955, he is entitled to

\$1,000 per week for five years; and if he should die, his wife or estate will be paid \$1,000 per week for five years.

Lingan A. Warren, president of Safeway Stores, has a contract calling for 2½ per cent of the company's (and affiliates') net incomes after taxes, but not less than \$60,000 per year. On termination of his employment, Warren will receive \$2,000 per month for life from Safeway Stores; and when he dies his wife will be paid \$1,000 per month for as long as she lives.

Bloomington Brothers will pay its president, James S. Schoff, \$90,000 per year until Jan. 31, 1953. Upon retiring from active employment, Schoff will receive an allowance of \$25,000 per year for the next ten years. This allowance would start sooner upon Schoff's incapacitation or death. In the latter case, the money would be paid to his widow or children.

To qualify for the presumably low tax on future income, deferred compensation must avoid giving the executive "constructive possession" of the money—as neat a bit of income tax English as has come along in years. If the man has "constructive possession"—if he is entitled to benefits now or if there is no chance of his *not* getting the money—then he must pay income tax on it immediately.

One big drawback to deferred compensation from the corporate view: instead of paying out the money now when corporate taxes are high—which means getting a big deduction—the corporation has to pay it out over a period of years when taxes—and deductions—may drop. Since profits may also drop it is conceivable that a long-term deferred compensation plan may eat heavily into future dividends. And from the individual view: the tax courts may get tough on these plans; or companies may not be able to follow through on them if business gets bad.

THERE also are pension plans.

Accountants consider these plans to offer a more economic and sure-footed method of accumulating funds for retirement, from the company point of view. Payments are made into a retirement fund set up by a bank or an insurance company. They are keyed to profits and individual earnings, giving the company a flexibility which deferred compensation does not offer. Also, they have the advantage of having been approved by courts.

Pensions can be arranged to cover every member of the working force, with graduated benefits

for executives. For example, here is a pension proposal advanced by the National Biscuit Company:

SALARY PENSION

| | | |
|--|-----------|----------|
| George H. Cop- pers, president | \$109,867 | \$59,062 |
| Roy E. Tomlin- son, chairman | 91,000 | 41,086 |
| George A. Mitchell, vice president | 44,900 | 23,520 |
| Russel M. Schultz, vice president | 44,900 | 18,720 |

Obviously, National Biscuit has made it difficult for its executives to leave their jobs. If they do, they give up thousands of dollars of pension equity. But pensions are a two-edged sword. If the company wants to fire employees covered by pension plans, it must pay a lot of money to sever connections.

For example, a large oil company wanted to hire a president and selected a man who was vice president of a competing company. The man was making \$55,000 a year in salary, but he had so much accumulated retirement income and so many other fringe benefits (insurance, etc.) that he figured he would have to earn \$135,000 a year in his new job to break even.

However, he was finally pried loose with such things as a ten-year contract, a large raise in salary and bonus, a cost of living escalator which might increase his gross by as much as \$50,000 a year.

There is one big untaxed source of executive income which is often the only difference in compensation between two jobs at the same salary: the expense account. Many of the actual expenses of living are absorbed into some executive expense accounts, allowing men to keep a larger share of their salaries.

Concealing tax-free wages in expense accounts is considered not only unethical by men who have studied the problem, but downright debilitating to both the company and the executive. A number of management experts refused to be quoted on this subject for, as several said, "our clients might think we were naive to say these things," but their sentiments could be summed up accurately by the following: "Even if you fool the stockholders or the income tax people, you are setting up a corrosive agreement that undermines the moral fiber of the executive and impairs his ethical relations with his employers and with the business community."

Still, as taxes rise, so do expense accounts. Many executives have admitted to me privately that they

could not possibly live without this tax-free allowance. It is even a world-wide phenomenon.

In Japan, recently, small stockholders complained that executives of some companies were dissipating corporate assets on company-hired Geisha girls. In England expenses are called "perks" (perquisites) and enable the tax-squeezed executive to eke out his salary with a company-owned car and a certain amount of entertaining. However, there must always be proof that the expenses are really necessary.

The English situation has other analogies with ours, and some warning, too, as our own income tax approaches British rates. I asked the head of one of the largest corporations—with branches in nearly 40 countries including England—about this:

"It is useless to pay any British executives more than £8,000 (about \$23,000)," the man said. "At that level he keeps half of his salary, but any increase runs into such high surtaxes that a raise is practically confiscated. So, why should any bright young executive push his way up from below? The result is stagnation that reaches all through British industry."

He contrasted the British tax rate with Brazil's. In Brazil, a man earning \$23,000 pays only about ten per cent income tax. It is no accident that the Brazilian economy is one of the fastest growing in the world.

The two extremes—Britain and Brazil—bracket the United States neatly. Our tax structure is almost exactly in the middle, about one half of Great Britain's, more than twice Brazil's. Are our taxes already so high that we have stifled initiative? Management experts feel that in some cases this has happened already and that the next tax bite might well be fatal for all personal ambition.

This is what Judge George Thomas Washington of the U. S. Court of Appeals and V. Henry Rothschild, 2nd, of the Salary Stabilization Board, say in their recent book, "Compensating the Executive":

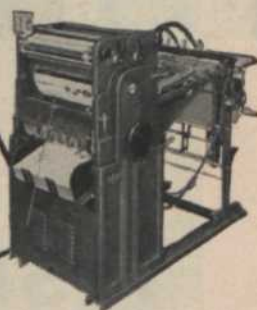
"Whatever the future may hold for business in this country, the problem of adequate incentive to the corporate executive will continue to be of vital importance. The task of a democratic government is not satisfied merely by imposing restraints on business; it must see to it that the rewards of management are sufficient to insure efficiency in enterprise and the encouragement of personal ability."

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among sea products yet
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By **RICHARD B. GEHMAN**



MARVIN KONER FROM BLACK STAR

FISH N' SMOKE

ON THE desk of Aaron Gilman, a vice president of a food products company in New York, stands a small, exquisitely carved figure of a mermaid. The statuette may be significant, and may represent wishful thinking on the part of Gilman, a young man whose sense of humor is nearly as strong as his admiration for seafood. The firm for which he works is the largest producer of cured, pickled, preserved and smoked fish in the world. Last year its business exceeded \$15,000,000, and this year it may well go higher. Yet Gilman pretends annoyance that a firm which has put virtually every other tasty dish of the sea into some sort of preserving container, has not yet managed to catch, cure, pickle, preserve or smoke a mermaid.

If any of the company's 2,000-odd employees ever were to accomplish this feat, it is quite likely that Gilman might not even learn about

it for some time. The firm produces so many different varieties of fish products that neither he nor any other of the officers can remember, offhand, exactly how many bear their trademark. Nor can any of the officers recall, without consulting a price list, how many oceanic delicacies they put up for other firms' labels. This condition is not unique in the canned and jarred fish business today.

Fifty years ago, the industry was practically nonexistent; now it is booming. Some industry executives say the upturn began during World War II, when the meat shortage caused people to turn to fish. Others declare that it's due to the vigorous promotion program carried on by such organizations as the Fishery Council, which is devoted to persuading housewives that fish is not odoriferous and is easy to clean and prepare. Still others say it's due to vastly im-

proved methods of packaging, canning, and transportation.

Gilman's firm is Vita Food Products, Inc., whose growth parallels that of the industry. Its New York headquarters, an eight-story building, has been called "a brick and steel monument to the herring." It is certainly that, since the brothers Victor and George Heller, now president and secretary-treasurer, respectively, began their business nearly 40 years ago by putting herring in jars, and since Vita now offers (as nearly as anybody can reckon) about 25 different varieties of that noble fish. But Vita does not live by herring alone.

The Hellers and their partners also do a lively trade in salmon; last year they bought or caught in their own boats 25 per cent of all the king salmon that came into American ports. And their factory is also a monument to tuna, bloaters, eels, sardines, anchovies, shad, whitefish, caviar, chubs, lake trout, carp, butterfish, shrimp, crab, lobster, mussels and oysters.

Nor are Vita's activities confined to creatures of the sea. The firm also packs green and ripe olives, stuffed and unstuffed; maraschino cherries; dill, sliced, sweet and sour pickles; mushrooms; red and green peppers; sweet and sour relishes; onions and cauliflower rind.

Some years ago Frank Loesser, composer of the musical score of "Guys and Dolls," the Broadway hit, wrote a song for the amusement of his friends called "The Delicatessen of My Dreams." The piece might well have been inspired by a stroll through the Vita warehouse which, piled high with hundreds of thousands of richly colored jars and cans of succulent, tempting morsels, is the sort of place a delicatessen proprietor might dream about.

Back about 1915, the Heller brothers were delicatessen proprietors, but they admit now that not even in their most extravagant dreams did they imagine that their business would grow as it did. The boys were born in Czechoslovakia. George, the taller and younger, came to the United States around 1913 and took a job in a delicatessen on New York's First Avenue. He was joined later by his mother, sisters, and brother Victor, today a

short, jovial man in his 60's. George eventually bought out the delicatessen in which he was employed, and he and Victor went into partnership. In addition to domestic products, they began selling imported cheeses, spiced meats and, in enormous quantities, herring.

The herring is such a common fish that, like the workings of the telephone, almost everyone takes it for granted. No fish in the sea can match the herring for versatile edibility. *Clupea harengus*, found in the waters of the North Atlantic (and elsewhere, for that matter), is one of the most abundant of all fish. Literally hundreds of millions of individuals swim in thick, swarming schools, and for centuries the fish has been one of the staples in the diet of European countries bordering on, or near, the sea.

Herring grows to a length of about a foot, but it is caught and sold in all sizes and shapes. The half-or-quarter-grown young are often sold as sprats or sardines, and even younger ones are filleted and sold as anchovies. The bulk of the catch, however, is salted or preserved in some way.

Man's discovery that salt would preserve fish must have occurred around the time he learned to catch them; salting is one of the oldest processes of preservation known. It consists simply of immersing the fish, for varying periods, in a brine. Another method is to use a combination of brine and vinegar.

The Hellers grew up on salted and pickled fish, and when they began importing it they found a lively demand among the immigrants who patronized their store. Then World War I put a stop to imports of preserved fish, and for a while it looked as though their business would expire. That was when George Heller had The Great Idea. Fresh-caught herring was still coming in from our own coastal waters in great quantities, and George saw no reason why he and Victor could not preserve their own for their customers. Subsequently, one of them—neither remembers today who it was—had another idea.

One reason why the American housewife had never been attracted to the herring was its appearance in its natural state which, complete with head and tail and staring eye, was not very prepossessing. The brothers shrewdly figured that by putting the fish into jars, filleted or cut into small, bite-sized bits, surrounded by a sour cream or a wine sauce, they could



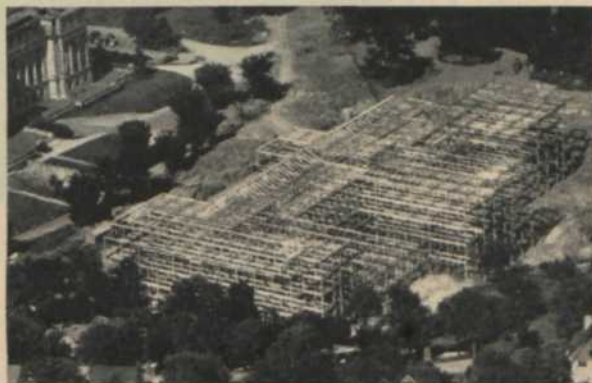
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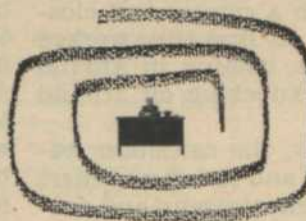
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expand their market beyond the immigrant trade. Neither Heller claims credit for being the first to wed herring to jar, but both say they were among the first to hit upon the idea.

Today the herring exists in so many jarred forms that it tastes like several different fish. The whole Bismarck, a good grade of the Scotch catch, is still very popular. But now there are, for example, rollmops, tiny fillets rolled around a pickle or an onion; lunch herring in cream or wine, with onion rings; herring salad, spiced herring and, of course, kippered herring (kippering is nothing more than salting and smoking).

The Hellers' beginnings were appropriately modest. They rented a garage on East 75th Street and moved in with a canner and closing machine. At first they worked by themselves, coming in around six a.m. and knocking off around ten p.m.

Then Victor, the salesman, began going out and lining up orders from other delicatessens and jobbers, and George stayed in the garage to supervise production. That arrangement still obtains. Victor, as president, is chiefly interested in sales, and George keeps a close watch over the preparation of products, wandering through the factories continually, picking up and tasting a fish here, sampling a pickle or an olive or a preserved onion there.

Despite the size, range, and number of employees, Vita has remained a family organization. A plaque in the foyer of the headquarters proclaims its membership in the National Small Business Men's Association.

While the Hellers were getting started, so was another young immigrant. His name was Max Nierenberg, and he had come to this country in 1912 from Odessa, Russia, the great caviar and salt fish port, when he was 17 years old. He had worked from the age of 12 in his uncle's preserved fish business, and as soon as he arrived here went to the firm of Menzel Brothers, the biggest herring importers in the country. Young Nierenberg could not speak English very well at the time, but he was so fluent in the language of preserved fish that within three years he was placed in charge of the entire Menzel Brothers plant, a matter of some pride to him even today, when he is regarded in the trade as perhaps the outstanding herring authority of all time.

"Herring is my life," Nierenberg sometimes says, happily. Now an executive at Vita, he seems to hate his neat office and the paper work he must do. He is happiest out on the floor among the heaping barrels of smoked fish, wearing an old pair of pants and a sweater that smells pleasantly of pickling solution and herring.

The Menzels, Hellers and other firms in the preserved fish industry became increasingly active in the 1920's.

The number of varieties of herring they put up apparently was limited only by their imagination, and the fish in jars found wide acceptance in this country.

In 1927 the two firms merged, and three years later a number of other, smaller businesses went into the combine and the name Vita, which originally had been an English brand name, was adopted. At this time the business took on a distinctly international character. Agents for the Hellers and the Menzels had been roving the world's fish ports for years, buying herring and other fish, but now the newly organized corporation went in for overseas branches and bases on an unheard of scale.

Today, Vita products come from England, Scotland, Norway, Sweden, Denmark, Germany and, indirectly, from Russia. For years, Victor Heller used to go to Russia to buy caviar direct, but he stopped when the relations between the United States and the Soviet Union became touchy. The company now has branches and canneries in every major salmon port in Nova Scotia and Alaska, and there is even an Alaskan town called Port Vita. The operation is spread around the United States, too, with packing houses and canneries in Brooklyn, Chicago, Philadelphia and Chestertown, Md., which is where the pickles are grown and packed.

"It was a logical step, from fish to pickles," Gilman said recently. "After all, we had the canning equipment and we knew the preserving business inside and out."

The success of the jarred herring business made the Hellers wonder if the public might not be ready to buy another fish product that long had been favored by immigrants but which never had caught on with the public at large. This was smoked fish, which is as old, and perhaps older, than preserved and pickled fish; there is historical evidence that cave men preserved fish with wood smoke. The methods today are not much different from those used in prehistoric times, al-

though they are probably a good deal more sanitary.

A fish is smoked simply by hanging it in an enclosed room and allowing the smoke from hickory logs or shavings to curl up around it. The fish is first prepared by salting it with a brine; then it is hung up to dry before going to the ovens.

The smoked fish industry in the United States always has centered in the Williamsburg district of Brooklyn, hard by the Williamsburg bridge. The air in that section is indescribable—it is haunted by the rich, mingled odors of wood smoke and the fresh mineral tang of fish. One of the oldest firms in the neighborhood is the Richard Schnibbe Company, which was founded around 1885 and which Vita acquired around 1930.

The Schnibbe branch of the Vita family is in the charge of Harry Nierenberg, son of Max. It is an enormous operation, processing more than 100,000 pounds of fish every day of the week (the smokery never closes except on holidays). Almost any kind of seafood, including eels and oysters, can be smoked, but the most popular varieties are whitefish and chubs from the Great Lakes, salmon from Alaska and Vancouver, kippered black cod (or sable fish) from the North Pacific coast, sturgeon from the Canadian lakes, butterfish and mackerel from the northeast fishing ports, and buffalo carp from the Mississippi, as well as herring and bloaters from all the herring ports of the world. The mild-cured Alaska and Nova Scotia salmon is known in the trade as lox.

The fresh fish arrive on the first floor of the plant, where the flashing knives of men who have been in the smoking business 40-odd years cut them up into fillets, which they throw into waiting barrels of preserving solution. The fish remain in the barrels from six

to 24 hours, whereupon they are taken out, hung up on wheeled carts, and pushed into the ovens.

The smoke rises and colors the fish a delicate golden brown, sealing in the juice. Later, when the skin is taken off, the white meat is so tender it crumbles at the touch of the fingers. "It falls apart at the sound of a loud voice," one of the old smokers has said.

Some of the fish is canned and some is sent out as is. Thanks to improved methods of transport refrigeration, it now can be sent all over the country. Very little is im-



ported these days, but a good deal is being sent to other countries.

"The smoked fish business is booming as never before," says Gilman, who spends as much time in the Williamsburg plant as he does in the New York office, partly because of business and partly because of hunger.

No one is more enthusiastic about Vita products than the firm's officers. The Hellers, and the Nierenbergs, Gilman and Dr. Frank Tasch (Tasch had been a dentist, and is now in charge of the company's tasting and testing laboratory) all like nothing better than sampling their own wares.

They greet all new products of their nutritionists with shouts of unbounded joy. Their attitude, unfortunately, is not shared by all their employees, some of whom are distinctly antifish.

Not long ago a visitor to the Williamsburg smokery, overwhelmed by the enchanting aroma and startled by the bewildering

"We have flirted with the charms of regimentation. In fact, our affair with regimentation has progressed until our Government is too big to be solvent, too big to be efficient, and too big to police effectively against immorality and corruption."

—D. A. Huley

array of golden chunks of smoked fish hanging everywhere in sight, remarked to one of the old smokers, a veteran of 45 years in the Schnibbe establishment, that he was lucky to be working in such a place.

"Lucky, my foot," the old man said, testily.

"What's the matter?" asked the visitor. "Don't you like fish?"

The old man waved his arm at a barrel of plump, silvery, shining shad.

"Huh," he grunted, "who'd want to eat one o' them, after lookin' at 'em and handlin' 'em all day long?"

"I would," said Harry Nierenberg, who was standing nearby. He picked up an eight-inch chub from a nearby barrel, gazed at it admiringly for a moment, then deftly broke it apart and slipped out the bones. Then he ate it, head, tail, eyes and all. His smile as he licked his dripping fingers was something to see. It was the smile of a man at peace with himself, his family, his world, and above all, his business.

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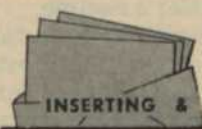
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| 4. Moistens envelope flap | X | X | |
| 5. Closes envelope flap | X | X | |
| 6. Seals envelope flap | X | X | X |
| 7. Stamps envelope | X | | X |
| 8. Prints P.O. indicia | X | | X |
| 9. Counts total mail | X | | X |
| 10. Stacks mail, ready for P.O. | X | | X |

* Every second or less, a sealed, stamped envelope containing up to eight enclosures drops off the end of the I&M line. 3,500 to 5,000 per hour.

From Ruins to Recovery

(Continued from page 37)

Duesseldorf, "the Paris of the Ruhr," you can get everything from Irish linen to Russian textiles, from French perfumes to Polish vodka. Most Germans however prefer to "buy German." Germany's industries have completely reconquered their inland markets and only a few foreign products are sold in large numbers.

And there's food. No one remembers rationing any more. The sweet shops display mountains of whipped creams; the delicatessens have more varieties than those on New York's Broadway. There is more food in a single block of any West German town than in an entire medium-sized city in Britain. In a Munich restaurant, I counted 142 items on the menu.

Germany's amazing recovery has been achieved by American money and German work. The exact share of both is a matter of hot argument among Germans, many of whom like to play down the American contributions. The fact is that the American taxpayers have financed Germany's economic rebirth to the tune of more than \$4,500,000,000 through ECA aid, GARIOA (Government and Relief in Occupied Areas), through charitable organizations and direct philanthropy.

It all began in June, 1948, when Marshall Plan aid backed Germany's new currency, the deutsche mark. The situation was bleak. Germany's dollar imports were ten times as large as her dollar exports—mainly raw materials (scrap and coal). During the war, a popular saying in Germany had been, "Enjoy the war, for the peace will be terrible." It was terrible. There was no money to rebuild Germany's industrial plant until ECA funds and counterpart money turned the trick.

After an era of painful readjustment, a modern, industrial economy was created. In the vital Ruhr area where 140 mines produced 25 per cent of Western Europe's coal, heaps of rubble and twisted steel girders disappeared behind new brick factory buildings and smokestacks. The mines were reopened; the furnaces started to work; recovery was under way.

Four and a half billion dollars is

a lot of money. Unlike in some countries of Western Europe where one sometimes wonders what happened to the billions of American dollars, their effect is quite evident in Western Germany. Everybody, from apprentice to general manager, has grasped the simple formula for recovery which is: to work and to produce. A German city at 7 a.m. is more alive than many a West European city at 10 a.m.

But that's only half the explanation. Unlike the British, French and Benelux people who had to cut back production of consumer goods and export goods to produce armament, the Germans have spent no money on defenses. Instead they devote all their cash and energy to building up their customer-goods industries.

It is one of the paradoxes of our time that the cold war which has

times financed by Marshall Plan money. They left their factories and tools to the Soviets but they brought their skills along.

No one pretends that the new boom is healthy. It is based on fear. Millions of Germans are only a streetcar ride from the nearest Soviet sentry, or from the Soviets' German stooges, the heavily armed members of Eastern Germany's People's Police. No one in Western Germany doubts that there will be another world war and that "Germany is going to get it first."

HAVING lost their savings, cash, currency, annuities, and their sense of security, half a dozen times since 1918, the Germans no longer practice the old German virtue of thrift. They say, "to save today means to lose tomorrow."

They are proud of their deutsche mark which has become one of the hardest currencies in Europe although it is backed only by Germany's productivity and (many Germans add) by the strength of the Western armies in Germany, but they are not proud enough to save it. Recently, the Government considered raising the interest on bonds from six to nine per cent, to attract long-term investment money.

The Germans prefer to spend their money, the poor ones on necessities, the rich on luxuries. Everybody eats, drinks and makes merry. The workers buy suits, shoes, household goods and other things. Instalment buying, banned under Hitler, is being encouraged. This year, 35 per cent more furniture, 40 per cent more wallpaper, 33 per cent more books were sold than last year. Goods which were invisible for almost ten years are plentiful again.

West Berlin's telephone directory lists 34 firms producing refrigerators. All the famous German firms have made their comeback: AEG (electrical equipment), Mame (liquors), Löwenbräu (beer), Sued-Chemie (chemicals), and many others. The miners in the Ruhr drink beer and "Koks" (a glass of rum with a piece of sugar and a coffee bean); their directors drink French champagne. The import of French champagne has gone up from 7,000 bottles in 1949 to 65,000 bottles in 1951. The workers buy silk shirts and perfumed soap; the industrialists buy jewelry and expensive automobiles.

In the past two years, more than



lowered the living standards in most countries on both sides of the Iron Curtain has—temporarily at least—boomed the economy of Western Germany, which happens to be a cold war battleground. The index of Germany's industrial production has gone up to 140, compared to 100 in 1936, the last real peacetime year. Production of precision machinery, optical instruments, iron ores, milling machines, chemicals, artificial fibers, has reached higher figures than during the heyday of Hitler's regime.

Many technicians and manufacturers have come from the Soviet Zone to Western Germany and started from scratch again, some-

2,000,000 new cars have appeared on the *autobahns* of Germany, more than ever before. Until 1950, Germany's automakers produced merely new frames for 1937 vintage motors. Now they have retooled, and today there is the new Ford Taunus 12 M, the popular Volkswagen, the Borgward, the cars of Auto Union, Bayerische Motorenwerke, and Mercedes, the Rolls Royce among the German cars.

Pleasure travel is at an all-time high too. During week ends, the airplanes between Berlin, the Ruhr, Munich and the sports centers of Bavaria are sold out. Last summer, more German workers and middle-class people than ever before took vacations. Everywhere you hear the same chorus: "I won't leave my money in the *Sparkasse* (savings bank). At least I'll have had a good time when the Russians come."

THE banks have little money to lend, and credit is expensive in Germany today. In March, 1952, the banks were permitted to charge ten per cent interest for short-term loans, and long-term investment credit had a higher rate. Dr. Wilhelm Vocke, the 66-year-old energetic president of the Bank Deutscher Laender—Germany's Federal Reserve Bank—refuses to keep the inflation presses going. (Dr. Vocke was fired by Hitler in 1939 because he refused to print extra money.) It is difficult for many businessmen to get bank credit in Germany and they often have to go to black-market money lenders who may charge as much as 30 per cent. One businessman told me, "To be sure to make a real profit, I have to make a 25 per cent return on my money, after taxes."

But somehow they all make a "real" profit. The German public's ravenous appetite for goods creates a quick turnover of the money which goes right back into the cash registers of industry and enables them to expand and produce more goods. It's a merry-go-round (as long as it will last) and a free entrepreneur's dream world and its apostle is Dr. Ludwig Erhard, the Economics Minister of the German Federal Republic, a jovial preacher of liberalization and classical free trade.

Back in 1948, Dr. Erhard, against the advice of many experts who accused him of naiveté, decided to make a clean sweep of wage and price controls, of rationing and austerity, "releasing the natural forces of recovery." Everything went. Dr. Erhard told everybody that "the solution of our problem

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To order the film, or to obtain further information, print name, firm and address in margin and mail to: United States Chamber of Commerce, Dept. D, Washington 6, D. C.

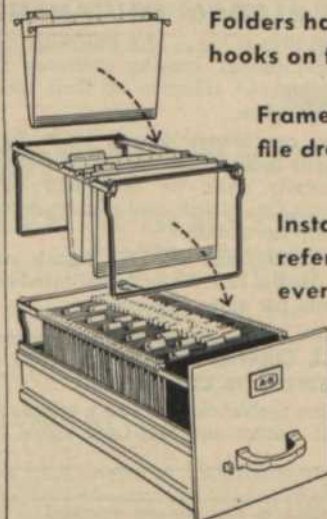
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Quick-Shift pockets and Self-Lock signals are but two of SigNaLok's 10 exclusive features. Why not send for more data now?

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lies in our willingness to produce—not to sacrifice comfort. If we want to fight the drab, collective thinking in Eastern Germany, we must produce. And our workers will produce as long as they know that they can buy something with their cash."

No holds were barred. When Germany became a member nation of OEEC—the Organization for European Economic Cooperation which adheres to the European Payments Union and settles foreign exchange payments among its members through a common, multilateral system—the Germans promptly began to take advantage of exporting to the dollar markets and importing from the European countries. In no time they had run up a deficit of \$180,000,000 in their trade with the sterling block. It took the Americans in Bonn quite a while to prevail on the Germans to cut their imports of nonessential goods and boost their exports to Western Europe.

OF the several thousand millionaires of the Hitler era (banking, landholdings, industry, department stores) almost all have disappeared but there are again 300 new postwar millionaires. Some of them are legitimate businessmen, like the Ruhr and Rhine industrialists and the manufacturers of consumer goods. Some are less legitimate, like the merchants who failed to register their inventories during the planned economy era and made a fortune when the currency reform came which devaluated the old reichsmark ten to one, thereby often increasing the value of their goods 20 times. And there are men who deal in "East-West trade," which isn't always legal.

Official exports to the Soviet Zone in 1950, latest year of available statistics, were more than \$166,000,000, mostly strategic items such as iron, steel, chemicals, machinery. As to illegal East-West trade, "it is as difficult to compute its volume accurately as it is to compute the volume of any other criminal commerce," U. S. High Commissioner John J. McCloy had to report last year. Although licenses are necessary for shipments to the Soviet Zone, a customs police force has been set up, and violators will get no counterpart aid. But steel, lead, tin, zinc, ball bearings, machine tools, chemicals are still moving from West to East while cigarettes and coffee are being smuggled from East to West, at a rate that is estimated at 1,000,000 cartons and

600 tons respectively every month.

West Germany's Finance Minister Schaeffer estimates that 12 per cent of all West Germans smoke smuggled cigarettes (many of them packed to look like American cigarettes) which cost Germany 400,000,000 marks a year in lost taxes. West German goods also reach the Soviet Zone by transshipment through third countries (Switzerland, the Netherlands, Denmark, Sweden, Belgium, Liechtenstein and Finland) or through the Free Port of Hamburg.

Many of Germany's new industrial and economic leaders are younger than the men of the Bismarck era, 70 years ago, who made Germany a first-rate economic power. Many are former Wehrmacht officers, who know the world, have learned to gather and evaluate information and intelligence, combine ruthlessness, initiative and a genius for organizing.

Many of the 43 bilateral trade and currency agreements which Germany has with other countries, were negotiated by those men with

"There is one road to rapid recovery of the nation from our present burden of rearmament. That is to increase our productive power by new technologies and new inventions."

—Herbert Hoover

the officials in Bonn just affixing their signatures. These new economic leaders have no sense of defeat and frankly admit that they are out to conquer the world again—"peacefully, of course," as they add with a wry smile.

"Our business will continue as long as America is rearming, if we continue to use American money to make profits instead of for social and other nonsense," a steel mill manager in Dortmund told me. "Under a Socialist regime, much of the 4,000,000,000 of American dollars would have been spent for administration and to improve the lot of the workers. Of course, there are millions of Germans who claim that we should have spent the money on low-cost housing, hospitals, schools, instead of retooling our industrial plant and setting up a new export organization. Well, the German people have learned under the Hitler regime to accept the decisions of management. Besides they know we're right. We fought dismantling. We rebuilt the plants. We gave them jobs and op-

opportunities to make money and live again."

Many of the new industrial leaders are production experts, technical experts, or organization experts. Among them are Dr. Ernst Kuss, manager of the Duisburger Kupferhütte, a 60-year-old chemist who looks like a general staff officer and introduced *ergebnis-lohn*, wages determined by profits, paying his workers two additional months wages at Christmas.

All of them pretend to be "unpolitical" now, unwilling to do their share to help rearm Germany and the West, more interested in profits than in NATO.

Their relations with labor are excellent. There have been few strikes; Communist propaganda in the Ruhr has been a spectacular flop (although it is successful across the Rhine, in France). Germany's labor unions under statesmanlike Christian Fette have shown a sense of responsibility although many labor leaders admit they are getting a raw deal.

"The industrialists know that we can't afford to press for higher wages, what with more than 1,000,000 unemployed in Western Germany," a labor leader told me. "There is little social consciousness among management. In the Ruhr, many miners still live in rehabilitated military barracks, separated from their families. In the last months of 1951, more than 50,000 miners have drifted away because of bad living conditions. But our workers are in no mood to rebel. Everybody is glad to work and make money and buy things. We'll thresh out our differences later."

GERMANY'S manufacturing, engineering and selling techniques are still inferior to those of America. The Germans are just beginning to realize the importance of wrapping goods nicely; they are way behind in promotion and advertising. But these shortcomings are neutralized by shorter delivery dates of German industries and by the German's reputation for craftsmanship.

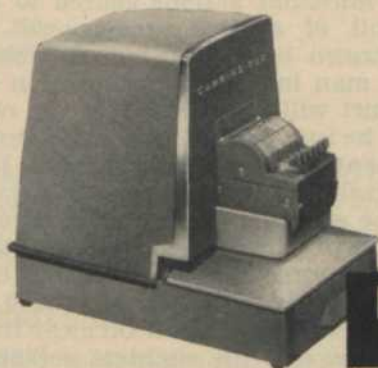
Even among the nationalistic Germans there are few, however, who think they'll ever be able to compete seriously with the United States. Typical was the reaction of one of Germany's biggest manufacturers of machinery who said to me, "We've been favored by the turning wheel of history, and we've played our cards well. But the day America will be able to devote most of its industrial facilities to the production of peacetime goods, Germany's boom will be over."

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per year**

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With Cummins Perforators, J. J. Newberry Co. cancels 4,000 invoices a day as a fill-in job... with *no traceable salary expense*. "If this canceling were done by hand," they report, "it would take four to five clerks. At \$40 a week, five clerks would draw \$10,000 a year for a wasteful operation that is better performed for \$120 a year with a Cummins Perforator."

Because Cummins multiple marks 20 items at a time, an average clerk can easily mark 20,000

items an hour. If you validate, approve, date, receipt, number, code or cancel invoices, purchase orders, shipping tickets, sales slips, coupons, labels or other internal papers, a new high-speed Cummins Electric Perforator will pay its cost many times over in your business, too.* And the holes-you-can-read mean permanence, legibility, everlasting safety.

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All Aboard for Outer Space

(Continued from page 40)

Volunteers for flights into space will have to be extremely stable, strong-willed blokes to adapt themselves to bizarre conditions.

Muscular actions geared to the pull of earth's gravity will be thrown hopelessly out of whack. A man intending to unbutton his shirt will bat himself in the nose if he isn't careful. A sudden movement of any kind will send him crashing into fellow passengers or the walls of the ship. The reverse kick of a belch, a common reaction at extreme altitudes, will hurl him back violently. Hair will stand on end, clothes will balloon away from bodies and the slightest perspiration will envelop the cabin in fog.

Smoking will be taboo—consumes too much precious oxygen—and all liquids will have to be taken through straws. Objects must be attached firmly to the walls or the floor of the ship or they will float aimlessly all over the place. Man himself will have to wear a magnetized space suit to stay on the floor.

Earthlings landing on the moon will find a dead, eerie world. Since the moon has no atmosphere, there will be no sound, no smell, no weather, no rain, no sunlight. It will be impossible to converse on the surface of the moon because there is no air to transmit sound waves. Extreme changes in temperature, ranging from 212 degrees to 400 degrees below zero, will make insulated space suits imperative.

Many perils will be encountered en route, especially from meteorites. Dr. Fred L. Whipple of Harvard estimates that 500,000 meteorites enter the earth's atmosphere every day but are immediately vaporized by their contact with the air. There is not that protective cushion in space, but Whipple believes the danger of a meteorite striking and puncturing a ship can be greatly reduced by a meteor bumper, a thin, tough skin around the outer shell that will absorb the impact and vaporize a meteorite. Whipple admits, however, the possibility of a large meteor destroying a space ship.

The most intriguing mystery of space is the possibility of life on other planets in the solar system. Life can exist only under certain conditions in delicate, limited balance. The most important elements are oxygen, carbon, nitrogen and hydrogen; if one of these factors is too abundant or too sparse,

life, as we know it, cannot develop.

Mars has the chemical and climatic conditions closest approximating earth's, but all authorities agree its oxygen content is too low to support man and animals. There is vegetation on Mars but that's all. Venus, the planet nearest earth, is perpetually hidden by dense clouds of dust and gas that probably are fatal to human life. Mercury's heat is so intense that it will turn lead and tin mines into molten rivers. Jupiter and Saturn are enveloped by poisonous ammonia and methane gas. The other planets, Uranus, Neptune and Pluto, are so far away that little is known about them, but all evidence indicates conditions are unsuited for supporting life.

That is a ridiculously brief listing of our galaxy, but—and here is the most overwhelming concept of all. Edwin Hubble of the Mt. Wilson Observatory estimates there are 200,000,000 galaxies in the universe, a figure widely accepted by leading astronomers. Each galaxy has a sun, many of which are infinitely larger than the center of our small system. Each sun may be the source of human life. A betting man certainly would hesitate to go against the proposition that conditions necessary to support life cannot be found in some of these 200,000,000 other galaxies.

"It is stupid and arrogant to insist that earth alone has been favored with life," Dr. Haber argues. "There are some galaxies much older than ours. It is possible they can have a high civilization beyond our comprehension. It will take decades, maybe centuries, to bridge the vast distances between the other worlds, but man never will quit trying to make the effort."

One rainy Sunday afternoon when the Museum of Natural History was accepting "reservations" for interplanetary travel, the attendant behind the desk facetiously asked a bored, lonely girl where she wanted to go. The girl was not amused and snapped that she had no intention of lending herself to such nonsense. As she turned away, a young, good-looking fellow stepped up and, going along with the gag, booked passage for Jupiter. The girl looked at the young man speculatively as he walked off. She went back to the desk.

"Put me down for Jupiter," she said.

N B NOTEBOOK



Teachers on tour

SEVENTY Kansas schoolteachers will leave Wichita by bus June 16 on a two-week KABIE Tour from which they will return richer by three hours of college credit and a wider knowledge of the business, industry and historical spots of their own state.

The KABIE—short for Kansas-Agriculture - Business - Industry - Education—Tour grew out of an effort by the Kansas State Chamber of Commerce to stimulate a greater state pride among Kansans and to give more people an understanding of what makes the state tick. Since it was obviously impossible to get all Kansans into such a project, the Chamber selected the teachers as the group best able to spread the knowledge gained on the trip to a wide audience.

Actually, KABIE Tours are a state-wide expansion of the Business-Education day idea which some 300 cities have already used successfully. The first tour was held in 1950 with 36 teachers taking part. The 1951 tour drew 60.

As with local B-E days the tours bring invaluable personal contacts between teachers and business leaders. The teachers realize that businessmen aren't automatically equipped with horns and a desire to reduce school taxes; the businessmen learn that teachers are just as interested in improving the free enterprise system as they are.

Those who make the tour return with a spirit that, in previous years, has led to the formation of a KABIE Tour Alumni Association. Both the 1950 and 1951 groups have already held reunions. Moreover, three colleges, the Kansas State Teachers Colleges at Emporia and Pittsburg and Ft. Hays Kansas State College, have listed the tour as a regular college course. John B. Heffelfinger, textbook author and former school superintendent, makes the trip as instructor. His lectures, combined with a firsthand view of the state's economic setup,

complete a program which led one teacher to remark, "I learned more on the tour than I learned in any two weeks in college."

Stretching city income

WITH budget-making time coming around again many cities are calling on citizens' groups to help deal with the problem of stretching income to meet rising costs of services.

Among the cities that have asked civic-minded committees to study revenue needs and sources are Grand Rapids, Kansas City, Mo., Hartford, Boulder, Colo., Westerville, Ohio, Mt. Lebanon, Pa., and Morgantown, W. Va.

According to a survey of 21 cities by the International City Managers Association, the financial squeeze on cities grows partly from rising costs, partly from popular demand for new services.

The search for a solution usually involves four steps:

1. Critically examining the need for present services.
2. Making sure that rates charged cover the costs of these services.
3. Insuring that the city receives all the revenue to which it is entitled.
4. In states where the law limits tax sources of cities, joining with other municipalities in efforts to obtain power to impose new levies.

Paid in full

EIGHT HUNDRED home office employees of the Washington National Insurance Company, at Evanston, Ill., recently found in their pay envelopes all the money that the company usually withholds for income taxes.

The additional payment was made in simulated dollar bills marked "Tax Money" and carrying the explanation:

"This represents a dollar which you have earned and which your company is required to withhold from your salary in order to pay to



WHEN DAY IS DONE IN WASHINGTON

Business executives visiting Washington stay at the Wardman Park. Here, facilities are carefully planned to provide complete relaxation after your busy day is done. At your immediate service is everything you need, from barber shop to post office, and the atmosphere on the edge of beautiful Rock Creek Park is truly restful. Try it!

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Pete Progress and the Cop who gave away his shirt

Why, Oscar, said Pete, what are you doing directing traffic in your undershirt? If the chief sees me, he'll have my badge, said Oscar. But a poor bum with hardly a stitch to his back stopped me this morning.

Why don't you buy yourself another shirt? asked Pete.

I would, said Oscar, but I just gave away my last two bucks to some babe collecting for some doggone fund.

Well, you'll be off duty soon, said Pete, and you can get home.

Nope, said Oscar, I told Whiffy Walters I'd take over his beat. His wife is having a baby.

What do you do with your spare time? asked Pete.

Well, said Oscar, Sundays I take my Cub Scouts bird-watching.

What about your evenings? asked Pete.

I go over Hooper Street and help the Olafsons, said Oscar. They're building a new house.

Oscar, you know what you are? said

Pete. Why, you're a one-man chamber of commerce all by yourself!

Whadaya mean? asked Oscar.

Well, like the chamber you spend your time giving instead of taking. What you do for individuals, it does for the whole town. Where you're one man, the chamber is a group working together.

Say, said Oscar. Maybe I should join.

Join, said Pete. I'm going to see you're our next president!

Your chamber of commerce has a lot to do. Are you ready to help?



the federal Government for your income tax."

This dramatization of a book-keeping item was carried out by the company's Junior Management Council which felt that an opportunity to handle all the dollars which are withheld for the Government would inspire an interest in taxes and government spending that is not obtained from merely seeing the figures on a tax stub.

More cars than roads

THE New York *Journal of Commerce* offers a thought to console the motorist delayed by road construction: If the new highways laid since 1946 were stretched end to end they would not provide enough room to park all the new passenger cars produced since the end of World War II. And for each such mile of new road, two miles have become obsolete.

Fledgling patrolmen

WITH the end of the present school year, Milwaukee starts a police recruiting program that other cities are watching with interest.

As described by the Civil Service Assembly, the plan provides for appointment of high school graduates as police aides. Graduates must be 18 or older and have certificates signed by reputable citizens stating that they are of good moral character and fit for police service. They must also be able to type and have had or be willing to take special courses in stenography and bookkeeping.

The apprentices are assigned to a variety of jobs—keeping records, selling parking permits, typing examinations and bulletins, taking and transcribing statements from detectives and filing correspondence. After a training period during which they will work a 44-hour week and receive a starting salary of \$220.60 a month, the plan is to promote them to patrolmen.

In addition to providing a reservoir of policemen, the system will free deskbound policemen for full-time patrol duty.

The value of education

CATERPILLAR Tractor Company, which last year enrolled 337 apprentices and trainees, feels that it has a personal interest in the report cards of high school students in and near Peoria, Ill. The company needs trainees who can write good English and do arithmetic accurately.

But many high school students

who know they are not going to college take a dim view of these subjects.

The company's job, as Education Director Clyde L. Schwyhart saw it, was to help the teacher sell these subjects to the students. To do this, Caterpillar is running a series of five advertisements in 15 high school papers in a 50-mile radius of Peoria. Theme of the ads is "The Man Who Knows Gets Ahead." One of them says: "Put yourself in the shoes of the man behind the employer's desk. You have two applicants for one job. Both have good personalities, neat appearance and similar backgrounds. . . . But the records show that one has done an average-to-poor job in his schoolwork. . . . The other has applied himself. Who gets the job? You judge."

Operation Alarm Clock

THE KIWANIS Club of Greater Rochester, N. Y., has compiled some impressive history:

Thomas Jefferson and John Quincy Adams were elected President by one vote in the electoral college. Rutherford B. Hayes was elected President by one vote. His election was contested and referred to an electoral commission where he again won by a single vote. The man who cast that vote was elected to Congress by a margin of one vote—cast by a client who insisted on being taken to the polls although he was desperately ill.

California, Idaho, Texas, Oregon and Washington became states by the margin of a single vote.

Having thus demonstrated the importance of one individual ballot, the Kiwanians have started Operation Alarm Clock—a campaign to inspire every voter to go to the polls on election day.

They are mobilizing whistles, church bells, sirens, speakers and literature to emphasize the citizen's duty to cast his ballot. Before it is done, the club hopes to interest firms doing a credit business in enclosing vote reminders with their monthly bills. Business organizations and labor unions have been asked to cooperate.

Cooperating with the Kiwanians in Rochester and operating on their own in places where adults are less active, the Boy Scouts of America have also launched a "Get-Out-the-Vote" campaign. Already they are distributing 1,000,000 posters throughout the country, urging transportation advertising agencies to place car cards in streetcars and buses and prepar-

ing—on election day—to hang 30,000,000 Liberty Bell cutouts on front door knobs reminding residents that "Today's youth counts on you—use your freedom to vote."

School for lawmakers

OPERATING on the theory that lawmaking requires training, just as does cabinetmaking or brick-laying, the State of Mississippi this year sent all its freshmen legislators back to school.

The state university, with the cooperation of other state educational institutions and the legislature, presented a three-day short course in legislative procedure. Subjects covered included constitutional provisions affecting the legislature, parliamentary procedure, bill drafting, rules, committee procedure and services available to the lawmakers.

Massachusetts has offered a similar course for new members for several years, holding classes three days a week through the early weeks of the legislative session and issuing university extension certificates to graduates.

Model T business is brisk

RESEARCHES by Paul V. Miner of the Kansas City *Star* appear to have revealed a field which, so far, is immune to inflation. Miner reports that, except for carbide lamps which bring \$75 a pair and brake shoes which are especially made, Leo Martignoni of Kansas City is still selling parts for Ford Model T automobiles at prices quoted from old catalogs.

Martignoni opened "Leo's Model T Shop" in 1934 when he bought 14 tons of assorted parts. Today his business with customers across the nation and even in foreign countries runs about \$1,200 a month.

Life-saving sentinel

A LONELY traffic signal stands guard over a highway curve near Natural Bridge, Va. Safe speed on the curve is 25 miles an hour. Twelve persons who didn't believe it have died there in the past few years.

Now, a car approaching the curve passes over a detector in the paving. This causes the traffic light, normally set on red, to change to green before a driver doing 25 miles an hour would reach it. But cars going faster find the light still red and have to come to a stop.

So far the lonely sentinel has prevented accidents on the curve.

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IF VOTERS SEEK A BALLOT'S WORTH

WITH the lifting of the freeze, many citizens are now shopping for television sets on which they can tune in the political campaigns which get under way next month.

A television set represents a major investment for most families, one to be undertaken only after careful comparisons of values and performances. Sometimes these comparisons will show that the most attractive cabinet does not house the best machine.

The voter who examines political proposals with the same wariness that he took to the purchase of the television over which he hears these arguments will find that the same condition exists in government. Activities of enticing appearance are not necessarily sound.

Unfortunately a television set is more tangible than a political platform. Candidates are people—with appearances, personalities, voices, handclaps which sway or fail to sway. Voters are also people—with interests, prejudices, motives.

Because of this it is possible for the citizen, hating Socialism, to vote for many little issues out of which Socialism is made. Nor are the human impulses which induce such results easy to condemn.

Characteristically, Americans are generous toward their fellow men.

This sense of generosity and fair play persuades us that the strongest shoulders should carry mankind's burdens—and for 20 years most voters have counted the federal shoulders stronger than any.

So Government, being asked to insure, to employ, to house, to heal, to relieve the people, has tried to do all these things—in a big, if not successful, way. As a result, in our own country, the Government is now the largest electric power producer, the largest landlord, the largest holder of land, the largest moneylender, the largest insurance company, the largest owner of grain, the largest warehouseman—

And disappointed citizens, here and elsewhere, are learning that, in economics as in physics, each action brings a reaction; that each burden passed on to the Government brings a new burden on the citizen. If the Government insures a group of citizens, all citizens must pay the tax that makes the insurance possible; if the Government prevents a few from charging high prices, all citizens must pay those who enforce the low-price edict; if the Government helps support the inefficient, the

efficient must, in turn, pay for that support.

Businessmen have learned that government forms and regulations can be more stifling than the competition the edicts were fathered to prevent; labor has learned that government ownership of the plant does not mean that the worker is really working for himself—it means, as a British coal miner lamented, even the loss of the unprofitable satisfaction of cussing the boss: "Now there isn't any boss—just a commission in London."

So, as the shape of Socialism has begun to emerge through the fogs of paternalistic oratory, its advance, which for 20 years has seemed inevitable, is beginning to slow. People are learning that social tides can be reversed. Even in countries long committed to government operation and ownership, the change is evident.

Mexico has sold Seguros de Mexico, a government insurance company, to private owners.

England has replaced its Labor Government with Conservatives, is returning some parts of its highway transportation system as well as the steel industry to its citizens.

In France, government officials are studying ways to get the Government out of a variety of businesses.

In this country we have already demonstrated that excursions into government operation need not be perpetual. The return of the railroads to private operation after World War I is an early example. The RFC's disposal of debentures and preferred stock of banks to private parties, and the operations of the Office of Alien Property Custodian are more recent ones.

What can be done with holdings of land, power plants and other properties is a question not readily solved but the Economic Research Department of the U. S. Chamber of Commerce is conducting a study by which it hopes to develop an inventory of governmental enterprises that could reasonably be returned to private ownership.

Such an inventory can provide the targets, without which the trend of the public mind toward more freedom, and the pledges of a candidate will be fruitless.

In the weeks ahead, the office-seeker will be eager to be seen and heard on the new television set. It is of greater importance, however, that he shall hear and obey the voice of an informed electorate from another instrument next November—the voting machine.

Its message will be short: "More Socialism" or "More Freedom."



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